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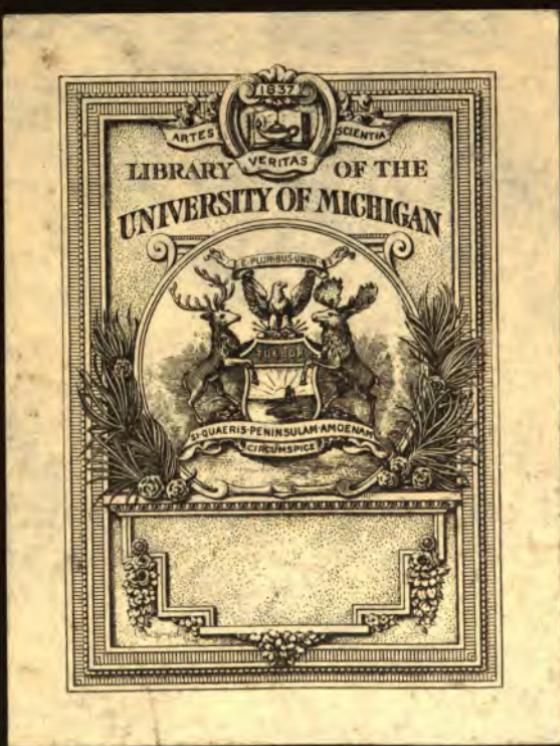
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FREE TRADE UNDER PROTECTION

"We do not expect perfection either in the New World or in the Old. All we ask is, that when an abuse is pointed out, it may be fairly and openly inquired into, and, if it be proved to be an abuse, honestly abated."—JOHN BRIGHT (Dec. 19, 1845—Speeches, p. 418).

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FREE TRADE UNDER PROTECTION

BY

RICHARD GILL

AUTHOR OF

'FREE TRADE: AN INQUIRY INTO THE NATURE OF ITS OPERATION'

WILLIAM BLACKWOOD AND SONS
EDINBURGH AND LONDON
MDCCCLXXXIX



PREFACE.

THE development of free trade may be considered relatively or absolutely. "Free trade under protection" was the system pursued by our statesmen up to 1846. Amongst them, William Huskisson stood pre-eminent as the first of our commercial reformers. The repeal of the Corn Laws inaugurated an entirely new policy. The principle of free trade, instead of being controlled by the protective system, was left to act without restraint of any kind. It influenced, with varying *and not known* degrees of power, all those industries which, in course of time, were brought within scope of its operation. It affects our trade and commerce nowadays generally—the exceptions being some few industries "protected" for the purposes of State revenue.

Now there were certain steps in the process of making trade more free under the system of protection, very liable to be overlooked. The first was the subversion of the policy of prohibition. The second

was the determination of that “due and proper” protection which was essential to the maintenance and growth of each several industry. And this is the sum of Huskisson’s reforms. He replaced a system of monopoly (where acting injuriously to the national interests) by one of protection : he defined, with reference to the conditions with which he had to deal, the “due and proper” support which, in his opinion, was necessary. But these conditions were mutable. Hence the degree of protection was to be subject to alteration. The more stable “young and growing” industries became, the less would be the support they required.

But there was much confusion in Huskisson’s time as to the nature of his reforms. That confusion arose either from the immediate misconception of the system of making trade more free under protection ; or from the inference that Huskisson, because he advocated and carried out with advantage—always excepting the silk duties—the policy of free trade under protection, was therefore an abstract free-trader—*i.e.*, one who would allow the principle of free trade to operate without restrictions, if he were powerful enough to effect the change.

That such was not the fact, is proved by the endeavours which Huskisson made to remove all sources of misinterpretation. On one occasion he spoke as follows : “Looking at these difficulties with the strongest conviction of the necessity of a revision of the

Corn Laws, I still fear to precipitate any alteration, lest it should have the effect of prejudicing the people against that system which I hope to see yet accomplished, of a *free trade in corn under due and proper protection*" (vol. ii. p. 387). On another occasion he had to point out the difference between a free trade with, and a free trade without, duties. "My hon. friend has argued the question of free trade as if it were the removal of all restrictions thrown in the way of the supply of foreign productions to the people of this country. *Now this, sir, is not my view of the question*" (vol. ii. p. 551).

These passages suffice to show the perplexities in which the question of opening up the trade of the nation was involved, as also the false notions generally entertained about Huskisson's innovations. He was charged with being a free-trader in the abstract. This he repudiated in language both clear and distinct. The free-traders claimed him as one of their adherents. He replied that "*his* free trade" did not tally with the ideas of those who condemned altogether the imposition of duties.

On the other hand, the protectionists accused him of revolutionary innovations. As matter of fact, the alterations which Huskisson effected were revolutionary, but not in the sense in which the protectionists used the attribute. But he simply answered, "All innovations were not injurious."

Thus Huskisson was in reality no man's friend. His own party feared him as a reformer,—they regarded his schemes with alarm ; while the free-traders made it appear as if Huskisson was one with them on the matter of duties. Now nothing is more certain than that his practical policy had no resemblance whatever to the theoretical policy of the free-traders.

Yet an erroneous impression continues to exist on this point. What is the explanation of it ?

Cobden, when (1842) he discussed the position of Huskisson with reference to the Corn Laws, relied upon a single statement, which he cut out of a speech (that had been delivered in 1830 under extraordinary circumstances), to prove that Huskisson was in favour of the repeal of the Corn Laws. It was the last utterance of the great commercial reformer. An opinion had been disseminated that Huskisson vacillated in his attitude to the Corn Laws. That opinion had been supported by what Sir Robert Peel said concerning him. Here, then, was a splendid opportunity for a man who was constructing a case for free trade to drag Huskisson to his side. So Cobden stated that he had found the last codicil to Huskisson's will. He discovered, indeed, a treatment that was likely enough to be popular. But he promulgated an error that was certain to be grievous.

In fact, Cobden was guilty of just the same unfair conduct as that of which he accused the protectionists. They demonstrated that Adam Smith was a protec-

tionist. "Yes," Cobden said, "but only by cutting out certain passages, and violently placing them together." Cobden proved that Huskisson was a free-trader. How? Not by a close examination of his work, but by taking a superficial and prejudiced view of it.

Circumstances in Cobden's days were favourable to the success of this faulty means. There had always been a party of men in sympathy with an absolute free-trade policy. Such would ever be ready to accept the slightest or any proof at all, so long as it advanced their ends. But there was another reason why the opinions of great men were subordinated to the prevalent feeling engendered by the free-trade agitation. It resided in the increased wellbeing which would immediately accrue to the labouring classes from the gigantic attempt of their masters to blight the manufacturing industries of their rivals in all parts of the world. This could not be, unless the master-manufacturers had superior advantages. Thus it was the interest of the town-labourers to follow the fortunes of their masters, and vote for the cheap loaf. The manufacturers would get what they wanted—cheaper labour; the operatives—an increased value of wages. For a time, then, all would work smoothly enough. But how long would it last?

This was the turning-point of the question. The labouring community was told by the protectionists that, in the long-run, the foreigner would only take

gold in return for his corn. This position was laughed at by Cobden, who replied that if we did not buy foreign corn with our manufactures, we should then have an annual present of so many quarters of wheat given to us. His hypothesis was, that foreign importation of corn would stimulate our manufactures. The more corn we purchased, the more goods we should produce to pay for it. But after having got the people, as he averred, ranged upon his side, what did Cobden do, when challenged by the protectionists to let the problem be settled by an appeal to the country? He deplored the procedure. He charged the protectionists with preaching the democratic doctrine, that questions of the highest policy ought to be decided by the people.

Now the fact is, that the free-trade agitation (and we have it on the authority both of Cobden and of Sir Robert Peel) was supported by the gold of the manufacturers. And the fact is also, that as soon as he had succeeded in effecting a split in the Ministry, Cobden dispensed with the support of the "intelligent" public. Not one defeat, said he, nor two, nor three, would make him swerve from a belief in his principles. How can the question, then, have been decided by the people? And yet it is maintained that the question was decided by the people,—even more than this, that it has been irrevocably settled.

But a little inquiry will lead to the conclusion that

the manner of its decision was from above, emanating from those who were most largely interested in cheap bread, and not from below. It had to be made to appear that this free trade was all in favour of the working classes. Let us see how this was done.

“Was there ever prosperity with high price of bread?” asked Cobden, and answered, No. Whence did he draw his proof? From the experience of thirty years, between 1815 and 1845. “Only make bread permanently cheap, and you will raise up a permanent prosperity.” But he ignored the circumstance that he was arguing from protective experience to free-trade results. Now this statement of Cobden’s may be met with its opposite from Huskisson. In 1825 there existed prosperity with high price of bread; in 1826, depression with a low price. This is Huskisson’s evidence: “A spirit of over-speculation and over-trading prevailed. At that moment, when the manufacturing districts were in full employment, when there was no complaint among the population, corn was 7s. or 8s. a quarter dearer than it was at present.” “I know there has been a glut of our manufactures in all the foreign markets; and I also know that if anything greatly depressed the price of corn in the home-market, it would only lead to a further aggravation of our difficulties and distresses.” “Sir, I say this advisedly. I say that the present average price of wheat is one which could not in my opinion be materially lowered, without producing more of suffer-

ing than of relief to all classes of the community" (vol. ii. pp. 549, 556).

To state that prosperity was associated only with low prices of wheat was obviously inaccurate. But it served a purpose, as did also the assertion that in 1842 the corn merchants were ruined to the extent of £2,000,000 by the Corn Law. And these are instances of the partial method pursued by Cobden in order to attain the desired goal. Why did he not balance all the gains of the corn merchants with their losses? Because it was his object, no matter the soundness or truthfulness of the means, to achieve his end.

But if the pernicious Corn Law was the direct source of the loss of £2,000,000 to the corn merchant—a small section of an interest—what has been the effect of the want of that law upon the interest itself? Cobden complained that the corn merchants lost £2,000,000. But consumers gained thereby, for none of this money left the country.

Now, what is the charge of the protectionist? That the want of the Corn Law caused a loss of no less a sum than £425,000,000 to the agricultural interest between 1846 and 1866; and that all this money was expended abroad on the production of the first necessities of life.

No wonder, then, that agriculture should become depressed—in spite, too, of the removal of the greatest burden upon the land, the destruction of the game that

ate up its produce. Contrast this depression (predicted by the protectionists) with the promises attending a free intercourse in corn. We were to grow, instead of 16,000,000 quarters, 20,000,000 quarters. There was to ensue a demand for labour in the agricultural districts. We were to be self-supporting, if we grew as much as we may grow, under the gentle stimulus of the imports.

Such was the line pursued to banish the fears of those who, while self-interested in a universal free trade, were yet averse to advance one interest at the expense of another in their own country. In other words, all the manufacturers indiscriminately could sacrifice agriculture with very good grace. For it was shown that protection was the bane of the farmers; that free trade was the proper stimulus; and that if agriculture did not progress under free trade, then it would be the fault, not of a free competition, but of the farmers' incompetency. So Cobden set up to teach the farmer his trade. He must drain with tiles; he must hew down hedgerow-trees; he must destroy the game upon his land. In short, he must do everything to spend capital, without looking ahead to see how it shall be returned to him. This was described as the essential preparation for the coming competition. If he could not bear up against this, then he was told by the free-trader that "he had no wish to preserve that which cannot bear the healthy climate of pure com-

petition." But how was competition to be made pure? By free trade becoming universally applied to all the tariffs of the world. This was the promise held out to those who trembled lest we should become isolated in our arbitrary action. What will happen, said they, if, we being free-traders, other nations remain protective? One-sided, unequal, or "impure" competition.

And this is exactly what has happened.

The free-trade policy was carried by two main promises: 1. That our agriculture should not suffer; 2. That all other nations would become free-traders.

Neither of these promises has been fulfilled.

The introduction of free trade has been falsely ascribed to the action of the masses. In reality, it was effected by the Manchester (and this was the manufacturing) school of economists.

But whatever part the general public took in the original change, they alone will have to decide whether the reform is to continue, or whether it may be reversed or modified with advantage to the whole community.

R. G.

LONDON, *November 1888.*

P.S.—The quotations from Cobden's Speeches will be found in The Student's Edition, edited by Right Hon. John Bright and Professor Thorold Rogers.

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FREE TRADE UNDER PROTECTION.

CHAPTER I.

THE CAUSATION OF PROSPERITY AND THE ANALYSIS OF DISTRESS.

“What in me is dark
Illumine, what is low raise and support.”—MILTON.

ALL PROSPERITY NOT CAUSED BY FREE-TRADE PRINCIPLE—THE OTHER FORCES IN OPERATION, RAILWAY EXTENSION AND THE GOLD DISCOVERIES—THE INFLUENCE OF THE NEW BANK CHARTER ACT (1844) UPON THE PRICE OF CORN—THE MORAL INFLUENCE OF FREE TRADE IN CREATING AN ARTIFICIAL DEMAND—THE EXPORT TRADE OF THE COUNTRY UNDER PROTECTION INCREASED IN PROPORTION TO THE INCREASE IN POPULATION—ALL COMPETITION NOT BENEFICIAL—IT WAS NOT SO IN THE INSTANCE OF THE CURRENCY—COMPETITION TO BE SUCCESSFUL MUST BE PROPERLY LIMITED—COBDEN'S DOCTRINE FALSE “THAT BREAD IS RAISED IN PRICE IN ORDER THAT RENTS MAY BE INCREASED”—THE MEANS COBDEN USED TO EFFECT A FREE-TRADE POLICY “EVIL,” BUT THE END HE PROPOSED WAS “GOOD”—COBDEN DID NOT INCLUDE ALL FACTORS IN DETERMINATION OF DISTRESS.

§ 1. *The causation of prosperity.*—Let it be conceded, then, that under protection there was throughout an equal advance in our trade, and that free trade in con-

junction with other forces operated to effect that sudden rise which characterised the year 1850, and which was maintained with but slight variation till 1866. What proportion of this increase was due to the stimulating influence of the free-trade principle? For it is now abundantly clear that not all this remarkable addition was caused by free trade.

How did free trade effect an increased circulation in the markets of this country, and those of foreign ones as well? Was this "increase" to the normal trade circulation of the nation liable to be checked by external forces, capable of being called into existence by surrounding States? And if so (and subsequent events have proved that such an assumption, entertained by the protectionists during the free-trade agitation, was no trivial and unfounded one), as the principle of free trade, partially carried out by this country, is thus shown to be well within the sphere of other forces, over which our Government cannot possibly have any control, under its present commercial code,—as the principle of free trade, therefore, from these circumstances tends to fluctuate in its action, it becomes a very interesting question from the scientific view of the problem, but a very vital one from the national point, to settle what determines that it shall be beneficial; whether surrounding conditions have so altered since the prosperous period alluded to above, as to oppose a successful barrier to its power of continuing that prosperity; and whether, if this partial application of free trade to international commerce in the face of a commercial depression¹ which is assuming symptoms of an increasingly

¹ "The depression in trade has ceased to be a mere oscillation, and

chronic character, is proved to be the immediate consequence of its adverse operation, any means to elude its disastrous influence are to be discovered in the fiscal system which presides over, or rather leaves *uncontrolled*, our trade and commerce with other nations ?

But the true explanation of this rapid rise in the export trade of the country, appearing so soon after the introduction of free trade by the people—it was a national movement, said the free-traders, and so powerfully did they conceive themselves to be supported, and so just and righteous was their “cause,” that they arrogantly or in defiance menaced the ruling classes with revolution, if they continued to oppose the measure which was to bless the labouring part of the community with cheapness and plenty—is not to be found in the action of free trade alone. This principle, as it was partially applied by us—and the free-traders did not shrink from acknowledging that it was to the national interest so to adapt it¹—was the undoubted means of increasing the trade activity of our markets. And it is the opinion of many who have given much attention to the subject, that this “additional increase” was, in the very means which brought it about, beset with dangers. It was an artificial increase ; it was not in the ordinary or the normal² course of trade activity ; it did not facil-

has assumed (1886) some symptoms of a more chronic character.”—Sir T. H. Farrer in preface of ‘Free Trade v. Fair Trade,’ third edition. Compare this admission with what Cobden said free trade would effect for our agriculture and commerce—it was to make them permanently prosperous.

¹ Cobden’s Speeches—“If free trade is a good thing for us, we will have it ; let others take it if it is a good thing for them.”

² Cf. Cobden, p. 7: “From 1831-1836, the increase of our exports compared with our imports amounted to £20,000,000 official value.

itate the transit of goods from the producer to the consumer; it did not directly stimulate the circulation of the markets. It did nothing of these things. And if free trade in its unequal operation had acted alone, we should have seen it limited, in the first instance, to one phenomenon—that of increased production. But this increased production, without the means of its rapid exchange, and a stimulus to the flow of the medium by which that exchange is effected, must very soon have declined from the want of requisites to nourish it. And those requisites are—

1. Increased facilities in carrying off goods, so that they shall be within the range of the consumer in a shorter time than before; and

2. Additions to the currency, so that the whole amount of coin in circulation shall be largely increased.¹

But all these goods were sent to America, where they were neither sold nor consumed, but despatched in exchange for bank and railway shares and State bonds. This is not legitimate trade; it is over-speculation: the goods are not paid for. . . . This was a fictitious prosperity. . . . Can Sir Robert Peel raise up a real prosperity, or if not, a fictitious one? In the latter case it will only lead to a recoil which will be infinitely more disastrous than that under which we are now suffering."

But the exports of 1850-1866 were not paid for by imports, and as no money passed, according to the late Professor Bonamy Price, they must have been exchanged for the stock of the indebted countries. Hence, according to Cobden, this prosperity was fictitious.

It is evident that Cobden did not distinguish minutely enough between fictitious and real prosperity. He called that "fictitious" which, in reality, was a normal prosperity. But then it was his part to denounce the protective system. He never alludes to commercial depression with stationary exports; for this unfortunate association never occurred during protection. He might have asked himself the question, "Can a nation be said to be involved in serious danger when exports are not only constantly increasing, but increasing proportionately to the increment of population?"

¹ It had been held that an influx of gold would have an extravagant

Now it so happens that just before the Corn Laws were repealed, and our tariff was in process of becoming a free-trade tariff, there were two factors which might have been portrayed, and their consequences considered by some of those who advocated free-trade doctrines, and who had, as we know many of them had, the interests of their country solely at heart. One of these was certainly within the grasp of any one who had taken the trouble to look around him, and observe not merely what was going on, but also to revolve what might possibly be the consequences of such a change in the ordinary commercial transactions of his time. This was the rapid extension of the railway system, which of itself, by facilitating transit, by placing the producer and consumer in greater propinquity, would assuredly act in the direction of increasing supplies. As the demand before was unsupplied, it would now tend to become satisfied, so that, by thus shortening the time of transit, the more durable articles of the manufacturer would gain a larger market, supposing their individual consumption to remain the same; while the less durable goods, coming under the tendency of a larger consumption, would still be produced in larger proportion than

influence upon prices. But this was erroneous. Cf. Newmarch, quoted from Barbour in his 'Theory of Bi-metallism,' pp. 74, 75: "After a short time, the extension of commerce, the stimulus given to invention and enterprise by fresh markets, and the consequent infinite multiplication of transactions far exceeding any previous experience, would prevent before long any undue rise of prices, by mere force of increased quantity on the side of the new gold; that most emphatically the end to be feared was not that the new supplies of gold would continue, but that by any possibility they might fall away or cease; and, in short, that the world ought to rejoice if a new gold-field could be discovered every few years."

the former: the increase in their consumption being simply explained by the fact that exchange is stimulated by an increase in the rapidity of transit.

But the time of the appearance of the other factor was not within the means of human calculation; though its influence when in existence ought, it should seem to us, to have been taken into consideration. The gold discovery of 1850 was unforeseen; and its power of stimulating enterprise did not at once enter into the estimates of the free-trade causation of prosperity. Like many other causes, it had to bide its time. It would, then, only take its place when, by reason of the fact that commercial prosperity was beginning to decline, attention was impartially turned to the question. It thus became apparent that the sudden rise in the export trade of 1850 was out of all proportion to that increase which had already begun to mark our exports under the combined operation of our railway system and free trade. To account for that sudden rise, for that additional increase to our already increased and increasing exports under free trade¹ and railway extension, we look for another cause. For the causes then in operation were not adequate, according to a subsequent analysis, to effect the result to be accounted for. But no sooner had the gold-mines of California and Australia been discovered than the phenomenal rise began to take effect. The question, therefore, which remains for discussion is the following one—When you

¹ The reader must, at the outset, carefully distinguish between the "moral" and "material" influence exercised by free trade. It will be shown afterwards that the influence of free trade at this time was purely a moral one.

increase the ordinary channel by which exchange is conducted, when you pour more gold into a commerce which is becoming impoverished, do you stimulate trade? In the opinion of all economists of eminence you do. And therefore the fact is established, that an increase in the amount of gold in circulation in any country, and the more especially when the amount is increased in all countries, is sufficient to cause a stimulation of the markets.

Thus we see that, subsequent to 1850, and so long as the increased production of gold continued, this addition to the currency acted with free trade and the railways to stimulate trade. Before the gold discovery, free trade acted in conjunction with the railway system to promote the same end.

It is a peculiar fact, then, and, from an economist's view, one very much to be deplored, that during the early part of its progress the principle of free trade at no time acted alone.¹ It was at first associated with that impetus which the extension of railways, by cheapening transit, produced. We know that Cobden derided the opinion that the railway system had anything to do with inducing prosperity. Thus, from this simple "intermixture of effects," there was the opportunity presented of drawing false inferences as to causation. Nor was Cobden so unprejudiced as not to use all the popularity he could possibly attain out of so

¹ Before the introduction of free trade, the Bank Charter Act had come into operation in 1844. The circulation had been in an "improper" state. By the Act of 1844, the currency became, to all intents and purposes, metallic. The change had no influence on the development of trade. But it had a very important one upon prices, and especially the prices of agricultural products.

confusing a problem, in the noble effort to establish the "righteousness" of free trade. It was righteous, we presume, because it was to advance the interests of all classes of the community—not for a time only, but for ever. In what way was this righteousness to become manifested? In the destruction of foreign manufacturers!

Afterwards, free trade is found conjointly with the railway system and the gold discoveries—all these separate forces acting simultaneously and concurrently towards the same object. But in different ways. Thus the railway, by shortening the time and cost of transit; and the increased amount of gold in circulation, by tending to increase to the normal, a consumption which had fallen below it. It will be perceived, therefore, that neither of these causes of increased trade-activity tended to force demand. What they both of them tended to do was to satisfy a normal demand by a proper supply. In the period of transition between a condition in which all the demand cannot be met, by reason of collateral difficulties, and that condition in which it is efficiently supplied after such difficulties have been overcome, the trade institutions of any nation would gradually grow; and that growth would be a normal one, in so far as it is the outcome of a normal demand. The extra demand being thus supplied, you would say that there is no further source of its increase. But there is, or ought to be one, nevertheless. And it should be provided by the annual increase to our population. If we look back upon the progress of our industries, with but few exceptions, during the protective period, we shall find that, take any year you please, and compare the exports

of that year with any one year before or after it, the years before it always show smaller figures, while the years following it always exhibit larger ones. And this, too, in a gradual, and, as it appears, a normal ratio. In other words, in proportion as our population increased, so did the trade industries of the country. The demand of foreign markets for our manufactures remained still, on the whole, incompletely supplied, in spite of temporary fits of over-speculation. And herein lay a very potent danger. For it was to meet this demand, in its entirety, that an important measure was framed. If, argued Cobden, who led the manufacturers on the occasion, we can supply all the demand which is thrown upon us, then we shall be stimulating the manufacturing industries of the country. This would be no otherwise than a beneficial procedure; because it would call into activity most of, if not all, the unoccupied labour of the people. But he neglected the influence of railway extension upon labour. He did not inquire how far the railways would consume not only the labour then unoccupied, but that also which would be displaced by any increased production. When the problem is regarded solely with reference to this point, it becomes a matter of speculation how high wages would have risen—for it is certain they must have risen. And this, too, under protection!

Thus the labouring part of the community would gain by the result. But how was that result to be brought about?

The great drawback which prevented the master-manufacturers of this country from supplying in greater quantity the external markets, was the price of labour.

So they thought, and so Cobden averred.¹ But the reason why labour was so expensive resided, or rather was supposed to reside, in the dearness of bread. It was Cobden who drew attention to the phenomenon, that when bread was dear wages were low; and *vice versa*, that when bread became cheap wages rose to their highest point. "Only make bread cheap," they cried, and we will compete more successfully than we have ever yet done with the world. Thus it appears that the normal progress of our industries under protection was not sufficiently intense enough for the manufacturers; and this the more especially, when they saw before them fields which, under a new set of conditions, they might very easily make their own. Instead, therefore, of following a demand which, under the then state of the manufacturing industries of the world, they monopolised, and, in all human probability, would have continued to do so—instead of remaining content with this natural demand, they ran after an "artificial" one. They commenced that pernicious system of underselling, by means of an artifice, their foreign rivals. Such a system may or may not be regarded as a highly moral one, just according as a political or economical bias may or may not procure it.

You may have before you the picture of all races on this globe striving only to excel each other in the arts of peace—a result which more than one enthusiast has imagined (and many still imagine to this day) can only be effected by the universal application of free trade to

¹ "We do not want cheap bread to compete with the foreigner. We already do that. We want cheap bread in order to compete 'better' with him."

the commerce of the world. Or you may have the highest belief in the universal (and purely ideal) proposition that competition drives labour and capital from less to more remunerative channels.¹ But neither of these beliefs must blind you to the fact that there is a certain period—which may be called the transition period—ere these most desirable of all results can, if they are ever to happen, be brought into existence. You may believe that competition drives labour from less to more remunerative sources, but is it not matter of very serious consideration, whether you are justified in enforcing this doctrine upon those who are unwilling to receive it? You may even take that doctrine to be an “elementary truth,” as one writer² in particular calls it, as well as some others of a similar and ideal nature; or you may regard it as “axiomatic,” as some recent free-trade critics³ have styled it. Such abstract reasoners would certainly be listened to, and followed, if what they dealt with consisted of their own ideas merely. But, unfortunately, their ideas do not conform with the actual facts. And thus it is not difficult to perceive that when these facts, which have undergone a considerable alteration since the birth of the theory, assume a fresh aspect, and sometimes a new order, it is absolutely necessary to frame another theory upon which to hang them together, and with which to guide any subsequent policy.

¹ That all competition is not beneficial was held by Lord Overstone. He said that competition in the currency was absurd. The public did not get their full share. So in the existing unequal competition, this country does not get her full share.

² John Stuart Mill.

³ Some newspaper critics on a work recently published by Blackwood & Sons, entitled ‘Free Trade.’

We leave this interesting point in order to inquire of the free-traders upon what they founded the rectitude of their doctrines. Is it the case that, in such a science as that of economy, experience is needed to verify any doctrine or theory which they may construct before it must be put into action?¹ Do abstract truths apply to concrete sciences? If so, are there any conditions which limit their application?

But it appears to those who have no great opinion of such abstract truths, that new experiences must modify old doctrines; that what is true of a certain set of conditions can but remain true so long as these conditions continue the same; and that anything which disturbs these conditions must also disturb the doctrine which they support.

Now the manufacturers in calling for the cheap loaf had their own aggrandisement² in view, as well as the material improvement of their labourers. They had only to tell the working classes that the measures then proposed would not only bring them a cheap loaf and more employment, but also very probably higher wages, and they were supported with a unanimity very rarely attainable. But the reason is clear. They discovered to their workmen the prospect of the promotion of their self-interest.

This movement, however, of itself would scarcely have been sufficient to effect the repeal of the Corn

¹ No such experience was forthcoming in the case of free trade. What experience was available was only to be derived from the system of making trade more free under protection.

² Cobden stated that the increased price of bread came out of the manufacturer's profits. Hence, to lower the price of corn meant to enlarge the manufacturers' profits!

Laws. And it is curious to observe that no great reform has ever yet been achieved without the instrument of the imputations of injustice to certain interests or a certain party. In the instance of the Catholic emancipation it was the Tory party who offended. In the case of the Reform Bill it was the House of Lords which obstructed the growing liberties of the people. So on the occasion of the Corn Law repeal it was the landed interest which was held up to the public contempt.

And it was Cobden's mission to perform this function of a well-nourished and well-organised agitation. We say "well nourished," because the Free Trade League was handsomely supported by the manufacturers. No less a sum than a quarter of a million was collected during the last year of its existence. He attacked the great landed proprietors of his country, not because he had any personal animosities against a particular section of them, but because he honestly believed that they derived their high rents at the expense of the poor man's table.¹ He believed, and we are bound to admit it in all sincerity, otherwise the extraordinary feeling which he infused in his harangues, and the vain boasts he uttered would count for nothing, that it was "high rent" which caused the high price of corn. That any man should have continued to lead so formidable an

¹ The bread-tax not levied for the purposes of State, but for the benefit of the richest portion of the community, p. 3. It came out of the manufacturers' profits. On whom did they charge it?

"A band of dishonest confederates leagued together for the purpose of upholding the interests of one body against the general good of the community.

"If this country is to be ground down by an oligarchy, it will be more honest to follow the example of the Venetian nobles."

"The landowners ground down the wages of labour."—P. 22.

agitation, under the pretext of such an egregious economical fallacy, would have been astounding enough had the agitator had no ulterior objects to gain. It is certain that Cobden was not influenced by Ricardo's theory of rent, that one which is now followed by all who write, and free-traders are included, on the subject of economy. It is also well known to those who are conversant with his speeches, that he seems never to have been more pleased and energetic than when he exposed the fallacies of those who were arrayed against him. But he must have caught the infection from them. What would Cobden have thought of himself had he been aware of the false nature of his central economical doctrine—the keystone of that arch which he constructed in idea to convey the people (whom he so loved) from a condition of hardship to the state of plenty? But this part of the structure is undeniably unsound, and wanted but the slightest pressure to give way. It falls when the lesion is touched ; but the pity is that Cobden's views do not fall alone, for they implicate the wellbeing of the labouring classes. He showed them plenty, but there is the gulf between which he failed to bridge over. And now this gulf is impassable. Is there any other course open to them, but that they shall regain the shelter of protection which they deserted in a frenzy ?¹

But he accused others of acting unjustly, and con-

¹ 1. "The Corn Law, if it does anything, raises rents."—P. 29.

2. "If rents have increased and are increasing, then I contend that this law was passed for the landlords, and that it operates for their benefit and their benefit only."

But rents rise because corn rises in price ; and corn rises in price when fresh lands are brought under cultivation.

demned them with a vigour perhaps never excelled. His condemnations become empty — they lose that righteous character which has been attributed to them — when the arguments he used to silence his opponents are shown to be false. Was Cobden, then, unjust to the aristocracy of this country? Did he falsely accuse them of being the prime source of the degraded condition of the agricultural labourer, when, in reality, these high rents, which he said operated by plundering the poor, were the effect and not the cause of the high price of corn?¹ What might be said to-day of that principle which, in direct opposition to what Cobden conceived would be its action, has by an adverse competition sent more than half of the arable soil of England alone out of cultivation, and turned out of the fields, their original homesteads, those very labourers who, in Cobden's own language, were degraded by the tyranny and injustice of the landlords, who maintained rents at a more than extravagant level, in order to be able to — pay their mortgages out of them?

But it is of no material importance to set Cobden himself in the place of the landowners, and view him from the agricultural labourers' point. Under protection the agricultural labourers did exist in unreduced numbers (though perhaps in no better condition than tens of thousands of the poor at this day), let the price

¹ Ricardo's doctrine, followed by J. Stuart Mill and Professor Cairnes. What the Corn Law actually did, was to maintain rents at a certain level. And in this process there were other results regarded than the mere welfare of the landowners. There was the protection of agricultural stock; there was also the security afforded to agricultural labour. The Corn Law had nothing to do with raising rents as held by Cobden. In this Cobden is opposed by all economists.

of corn and the rent of the landlord be ever so high. But nowadays many of them have been *forced* by foreign competition to desert the soil. And why? because the tenant-farmers do not find it profitable to cultivate wheat at present prices.

We repeat that, at the present, it is of no use to follow Cobden's example of arousing enthusiasm in the masses, when the origin of that enthusiasm springs from such impure and erroneous sources.

What Cobden effected is impossible to-day. The intelligence of the nation forbids it. Let us explain his remarkable career by alluding to his short-sighted treatment of economical problems, and to the earnestness which he infused into his political aspirations. Undoubtedly he desired and strove for the greater well-being of the labouring classes. And in a sense he attained it.¹ But it was by means which were not only unsound, but dishonest as well.

§ 2. *The analysis of distress.*—It is common enough nowadays to admit that not all the prosperity which attended our commerce during the first period of the operation of the free-trade principle was due to it alone. But this admission, we maintain, has only been wrung from the free-traders by the gradual accumulation of superior proof. At any rate, we have Cobden's own authority for asserting that he believed, and believed thoroughly, that the railway extension had but little to

¹ But it was an artificial advance. There are several ways of attaining the same end. Some natural, others artificial; the one set acting gradually, the other suddenly and disproportionately. Cobden believed the true source of the regeneration of the people to be in free trade.

do with conferring prosperity upon the people. He went further than this. He believed that his opponents, by adducing the important consequences which the railway would of itself effect,—with reference to the price of goods, with reference to the consumption of the unemployed labour, and with reference to an increase of wages brought about by an increased demand for labour,—ingloriously attempted to rob his favourite principle of what he considered to be its sole merit. And this may further be remarked, that nowhere throughout the voluminous utterances which he made upon free trade or other subjects, does he ever refer to the important factors of railway extension and the gold discoveries as bearing upon the normal development of trade. But is this surprising, when we also recall that Cobden does not allude to the universal fall in prices which occurred between 1828 and 1848? What influence would this phenomenon have upon the inventions and enterprises which tend to stimulate trade? Does Cobden state that a contracted circulation—one in which the wear and tear of the coin in use had not been sufficiently met by the annual supplies of gold—might account in some degree for the state of commercial affairs during 1837-41? No: and, it appears, for a very good reason; for such an explanation would not have made for his purpose. It would not have strengthened his arguments in favour of a free-trade policy. Could it be possible that Cobden was uninformed of this phenomenon? He could not then have been so extensive a reader as Professor Thorold Rogers avers he was. For Lord Overstone distinctly mentions the fact in a pamphlet published by him in 1841, called 'Further Reflec-

tions on the Currency,' and he was no mean authority on financial problems.

The complex character of the causation of prosperity during the early period of free trade, we hold, Cobden did not allow. Besides the free-trade principle as partially applied by us to our commerce with other peoples, including our colonies, there entered into that causation two very important factors. These may be enumerated under the capital heads of (1) railway development, and (2) the gold discoveries. And this is the order in which they began to take effect. Now when two or three causes are in existence at the same time, it is difficult, owing to what is called by logicians the intermixture of effects, to separate that portion which is due to each cause out of the total effect, and thereby be enabled to determine its exact value. It is difficult, if not impossible, in economical phenomena so to vary our results by means of experimental investigations as to lead to accurate conclusions. Thus the chances of error in ascribing any particular degree of prosperity to this or that cause in combination with others are manifold. Of free trade we can only say this—that it caused some prosperity; the precise amount, however, is hidden in obscurity.

But the free-traders to-day are quite willing to allow that free trade was not solely responsible for all the prosperity which attended its early progress. We have this on the authority of Sir T. H. Farrer, and that ought to suffice. On p. 8 of his 'Free Trade *v.* Fair Trade,' he says "that the ablest free-traders—such as Mr Fawcett and Mr Gladstone—are as decided as Lord Penzance can be in condemning the short-sighted

fanaticism which has too often treated our free-trade policy as the sole factor of our commercial prosperity.”¹

Then it is admitted that there was much darkness hanging over the explanation “why it was our commerce so greatly prospered.” Perhaps it has been convenient to continue the error just so long as the free-trade party, which became incorporated into the Radical section of the great Liberal party, thought it might be prolonged without any harm accruing therefrom. We suppose that even free-traders will not deny that this “short-sighted fanaticism” was the principal factor in maintaining the united Liberal party for so long a period in power. They were upheld in the government of the country on the basis of an “inappreciable” error. But still, with all deference to free-trade knowledge of Cobden and his speeches, included amongst these short-sighted fanatics is Cobden himself. Thus it appears that the master had one explanation of the action of free trade, and that his pupils have come to possess themselves of another. Which is the true one? If the pupils are right, as they seem to think, then the master was wrong. Cobden, therefore, promoted the free-trade principle after the year 1850 under an erroneous impression. He believed that all the effects he witnessed were its products, while only a part of them flowed from its source. The free trade which Cobden projected in idea, cannot possibly be the

¹ Some of the free-trade theorists, therefore, were wrong. There seems, too, to be another modification of free-trade doctrine in process of dissemination. Cobden and the late Professor Bonamy Price ruled that imports are “immediately” paid for “by exports.” But since them, no less an authority on economics than Mr Gladstone has ruled that “in the long-run” imports and exports are equal.—‘Standard,’ May 3, 1888.

free trade which his present followers are endeavouring to bolster up in practice. Just in the same way as Huskisson's free-trade policy was supposed to be Adam Smith's free-trade policy (and as Cobden believed it to be so), so now who is there but does not believe that our present policy of free trade is not that which was framed by Cobden? But just in the same manner as Huskisson's policy was misunderstood (and misunderstood, I believe, for the very simple reason that his comprehensive commercial policy being directed towards an imperial policy made against that cosmopolitan tendency which is one of the ulterior objects of a universal free trade), so are Cobden's arguments and schemes misunderstood at the present day by those who are interested in misunderstanding them. For, if any one can show us where Cobden predicted that our agriculture would be partially destroyed, and that our one-sided free trade would remain "isolated" in the international commercial policy of the world for the period of nearly half a century, then it will be time to step aside and to permit others to portray what Cobden's arguments were and in what his predictions consisted. It does not take a second reading of Cobden's speeches to become aware of the fact that, with regard to the above-mentioned assumed predictions, Cobden's own views were in direct antagonism. Does Cobden anywhere assert that "free imports into this country are to our interest," while surrounding nations place an import on our exported goods?¹ We know of no passage even where he hints at such a state of things as is

¹ The reader must be careful not to fall into error on this point. Cobden said, "If free trade is a good thing for us, we will have it."

presented in our isolated free-trade policy.¹ But if this policy of free trade is to effect the regeneration of the world, some nation must make the start; and Cobden was instrumental in compelling the Government of his country to adopt it. He saw it would be to our interest. And when our free-trade success was witnessed by surrounding nations, then he predicted that success would be the harbinger for these nations to follow in our suit.

Such were, in truth, Cobden's anticipations; and upon them were founded his scheme of inducing all nations to become free-traders, for the plain reason that each would be the gainer by it. But if Cobden erred in his principles, in his argument, and in his "commercial speculations," it can scarce be wondered at that the master manufacturers, who placed such implicit trust in him, should have shown so great a want of foresight as they have done. For the increased stimulation of their trades to satisfy an artificial demand, by raising railway rates, would obviously bear against them in time of depression. But suppose that depression to assume a serious aspect, and suppose that there are no immediate prospects of a remedy for that depression. Then the manufacturers have to pay a far higher rate than would have been extracted from them had the rate of their production been regulated by "natural" demands only, and not by natural and artificial demands combined.

This was in opposition to those who argued that we could not practise free trade advantageously unless other nations became free-traders. He referred to the transition period, in which free trade was to have a stimulating influence. When other nations saw our increased prosperity, then, he said, they would become free-traders too, and within a period of five years.—Cobden's Speeches, pp. 185, 201.

¹ On the contrary, all his arguments for free trade are based on the assumption that other nations are free-traders.

This, then, is a source of loss, and it is directly traced to free trade. What would have been the normal rate had free trade been left for a subsequent and more fortunate period, when it "might" have been effected by international consent? Something below the high rate which the manufacturers have been accustomed to pay up to a recent period. And they have been paying this high rate while their profits have been gradually reduced, by the determination of foreign nations and our colonies to supply, as far as they can, their own markets.¹ In effect, therefore, during the latter period of our commercial progress or retardation under free trade since 1873, the manufacturers have been making an annual present to the railway companies. This has encroached upon their profits. It was originally the tribute which the stimulus of free trade contributed to the railway companies. But when that stimulus disappeared—when the "artificial demand," which the manufacturers so carefully created by means of the Legislature, no longer existed—then to pay for its supposed assistance would seem a robbery. Nevertheless, and it must be said to their credit, the manufacturers continued to pay what may be called an inconsequent tax out of their own pockets. A revival of trade would come about, as it came about in the former days of protection, and then they would be able to reap the reward of their patience. But to hope for a revival of

¹ The movement against excessive railway rates forms a striking commentary on Cobden's parallels. No doubt but what the manufacturers' profits under free-trade imports are considerably reduced by high railway rates. Under protection, Cobden said the manufacturers' profits were curtailed by the high price of bread. But they did charge them then on the foreign consumer. Who bears them nowadays?

trade under present circumstances, and to base that hope upon our experience of trade depression under a former and protective code, is obviously to hope without sufficient reason of our hope ever being fulfilled. There were certain causes of depression under protection; and as they are causes which tend to operate under favourable circumstances, no matter what the principle be under which our commerce is conducted, they may be called "normal" causes. Such a cause is speculation. While our trade flourished under protection, we read that its uniformly progressive course was marked by periods of depression. These were in nearly every instance caused by over-speculation,¹ which led to over-production. As a consequence, the markets became overstocked; and as "demand" continued but slowly to advance in external markets, and actually receded in the home market, owing to the enforced idleness of a larger or smaller number of labourers, production was consequently reduced till an equilibrium was effected between fresh supply and this new state of demand. Now it was during this period of diminished production that distress prevailed. But who was responsible for the excessive speculation leading up to it? It was not the labourers. They, indeed, were content and happy so long as they were occupied, and the recipients of fair wages; and we will undertake to say that the sum of the prosperous periods under protection is out of all proportion to the sum of the periods of depression. But we need not refer to this fact to remark that it was possible to be, and to continue, prosperous under protection. Who,

¹ The opinion of Sir Robert Peel (1839).

then, were mainly responsible for many of those interruptions which disfigure the upward curve of our trade and commerce during protection? It was the ill-advised speculations of the manufacturers. It was the endeavour to make fortunes out of our constant trade, by giving it the character of progressing by fits and starts, that all the havoc to labour directly flowed. This was the fountain source of the mischief.¹ The markets were overstocked: production consequently receded. But why was the period immediately following upon the distress of 1837 favourable to the development of an agitation for reform? There had been many antecedent occasions like unto it in all respects—occasions when the price of corn was high and the progress of manufacture retarded by temporary causes. It will readily be allowed that any period of distress is favourable to agitation. Then why was the question of the repeal of the Corn Laws not agitated before 1837? The answer is not far to seek. To conduct an agitation with any chance of its succeeding, there must be a head; and to make it grow and develop, it must have plenty of resources.²

¹ To go one step higher, these fits of speculation were more or less the product of the then "improper" state of the currency. It is well known that the currency was regulated according to the supposed wants of commerce (Lord Overstone). When the exchanges were adverse, the difference was paid—not by the income of the country, but out of the capital of the money merchants. Hence the various banks had to contract or exchange their issues on occasion.

² But though the repeal of the Corn Laws had not been agitated, yet it had been discussed. The London merchants in 1821 drew up a petition in which the policy of free trade was advocated. But the conditions of 1821 were very widely different from those of 1837. What was possible, therefore, in the former year, may not have been practicable to many minds in the latter.

But the time at which Cobden appeared on the stage of the commercial world cannot, exaggerate it as you may, be called extraordinary, though the man undoubtedly was. It required to be made extraordinary by the simple device of arousing enthusiasm amongst the people. Nothing, we believe, can more easily persuade the populace to drown all past recollections of the benefits which have been conferred upon them by the combined genius of their countrymen than the proclamation, uttered with all the earnestness of truth, that they are suffering unjustly at the hands of the ruling class. Only point out to them that they are the subjects of a tyranny, and they are too ready to follow you, whether you have their wellbeing singly in mind, or whether you are taking them by the way, in your endeavour to promote ulterior and prejudiced views. But was it possible that the people, lashed into a fury, should in their blindness perceive the gigantic scheme which Cobden entertained, and of which free trade formed but a part? Was it possible for them to detect any error lurking in the reasons which ascribed their sufferings to the rapacity of the landlords? Absolutely impossible. When the causation of distress was so partially displayed by the enlightened leader, it is not to be expected that the ignorant and enthusiastic mass will be capable of improving it.

And the causation of distress was very imperfectly worked out by Cobden. Indeed, were it not for the fact that the man was above suspicion in this matter, and that he firmly believed he was working in the right groove, any one who has read his speeches closely would at first conclude that he very cleverly imposes

upon his audience. If he was convinced that high rents caused a high price of corn, then he was justified in following out his doctrine to its logical termination. And that was, "You must reduce rents." But we may here remark that the evil consequences of that economical fallacy have not fallen upon Cobden's own head. We cannot blame Cobden for pursuing a mistake, since its nature was undiscovered by his opponents. But it is a very strange circumstance that the adherents of Ricardo, who gave what is regarded nowadays as the true definition of rent, should have allowed what to them must have appeared untrue to pass without a challenge.¹ We say that for an erroneous fact or proposition no man is to be blamed if he uses it in good faith, though its consequences may be disastrous. But where censure must be bestowed is when any one, instead of taking a large view of the subject under consideration, confines himself in a narrow circle. And we think it cannot be questioned that Cobden did not make a comprehensive study of the important subject of distress. He did not even include all the facts which determined distress at the time, though he might have done. His conclusion, therefore, must of necessity be unsound. It might refer to a part, but it could not explain the whole of the distress of that period.

¹ Admit that the Corn Law did in the first instance increase rent, by maintaining prices above what they would have been without protection. From this admission, which is true, Cobden inferred that rents were afterwards raised by the landlord, in much the same way as by an Act of Parliament, and that in consequence the price of corn was raised. This is false. It is altogether opposed to the facts. Rents did rise, as Cobden said they did; but the average price of corn during periods of ten years from 1815 to 1845 fell, as shown by the gradual reduction in the amount of protection afforded to agriculture.

There happened to be in existence during the whole of the time Cobden agitated, and up to 1850, all the evils which ensue upon a contracted currency. They were caused by the scarcity of gold. Too little gold circulating throughout a community is followed by the diminution of exchange; it causes also the paralysis of enterprise. Does Cobden ever refer to this as a special cause in the production of distress? We cannot find any. Will it be doubted that this contraction of the currency would increase existing distress arising from another cause? But this source of distress, originating in the scarcity of gold, is beyond the power of man to remedy. He may devise some scheme by which the currency shall be artificially enlarged, as the bi-metallists propose, by creating a gold and silver standard. The other source of distress, however, arises from over-production. And the effects of that would be removed in the course of time. It appears, then, that Cobden mistook the nature of the distress which accompanied the early part of the free-trade agitation. He ascribed a complicated result to a single cause.¹ As matter of fact, that complicated result was the product of two causes at least. A third one—the distress induced by deficient harvests—we leave aside for a time. There were then in existence the evils of (1) a contracted and abnormal currency,² (2) of over-production, and (3) high rents, inducing high price of corn. But as Cobden still persevered in his attempt to repeal the Corn Laws, the

¹ It is important to notice Cobden's treatment of the nature of distress and the causation of prosperity. *All* distress was due to one cause. *All* prosperity was the effect of free trade.

² The abnormal currency acted most injuriously on agricultural prices.

only cause left to him was "high rent," as he did not recognise the contraction of the currency or its improper state, for the markets had once more assumed a vigorous tone, and the export trade of the country still continued to increase. The revival of trade began in 1841, and Cobden expressed a wish in 1843 that the ensuing prosperity might be real, and not fictitious. He admitted the revival, but qualified it as being partial. He wished he could say it was general. The cause, however, of this partial revival resided, according to him, in the low price of wheat. But how can it be possible that any very serious amount of distress could be prevalent when the export trade of the country was in the ascendant? How, too, could high rents be responsible for all the distress of the nation, when by far the larger part of that distress was removed without rents undergoing any change? Still there was distress. That is undoubted. But it was a peculiar distress, arising from the contraction of the currency. Cobden did not observe this; but attributed the hardships which the poor continued to suffer, but in less degree, to a false cause. He ascribed them to the grinding tyranny of the rich. Under these circumstances, had Cobden been aware of the paralysis of enterprise, and the diminished exchange which a contracted currency inevitably creates, would he have considered that small residuum of distress which remained after all the rest had been accounted for, a sufficient basis on which to continue his agitation? In reality, this it was which supported him in his subsequent career, up to the time when he succeeded at last in convincing, as it is supposed he convinced, Sir Robert Peel of the paramount necessity

of repealing the Corn Laws in order to remove distress. All the other support he received was given on a false hypothesis. And it was a very considerable support. Would that support have been as considerable as it was, had the precarious nature of the evidence upon which it was given been recognised ?

Thus the situation was a profoundly intricate one ; and yet Cobden treated the problem as if it were the simplest in the universe. He assumed the success of free trade as a foregone conclusion. It was but a part of a large scheme which he contemplated, of making government more simple, less expensive, and more efficient. To us it seems that he completely ignored the economical aspect of many problems in his endeavour to attain advanced political positions. But "by his fruits ye shall know him." And it is well for the security and progress of all sections of English society that one part of a gigantic scheme has been tried and found to fail. For if part of the huge fabric which Cobden ideally constructed has broken down, what may be said of the probable success of the rest ?

No one, I think, would have deplored more than Cobden would have done the disasters of his error. If he could speak with such emotion against the evils of the Corn Laws, with what vigour he would have railed against a partial free trade we can easily imagine. But he could not foresee all the results of his partial free-trade policy ; he could only infer what some would be ; and the others—well, they would be left for time to unfold ! Did past experience afford him any assistance in deducing what would assuredly be the consequences of an uncontrolled free trade in the case of

those of our industries which were not yet mature enough to withstand the onslaughts of a foreign rival? Did he recall to mind the unfortunate results of Huskisson's policy in 1824 with regard to our silk markets? Here there was a case which might have allowed him some scope for contemplation, when he was considering the effects of the application of free trade¹ to young and growing industries, without a due and proper protection. Huskisson, in reducing the silk-duties from the level of prohibition to what he deemed a due and proper protection, erred not in the object which he had in view, which was a meritorious one, but in the means by which he attempted to effect it. His policy was to stimulate the silk trade by means of foreign competition. But instead of stimulating, he paralysed. The English silk manufacture, though protected by a duty of 30 per cent, could not hold the field against her French rival. And the result was, practically, the destruction of the hopes of our silk market. This was the experience which Cobden might have derived from a past experiment in the direction of free trade. In advocating the principle of free trade, he was only aware of ideal consequences; all the practical results of it he could not know, and did not get to know. But the abstract method, by which free trade came into being, has its uses, and most important ones they are, for without it, we should scarce have any progress in the world. It has its dangers as well. For when we abstract, we assume a certain state of surrounding conditions. Such

¹ Practically, Huskisson's measure was free trade, though nominally it was an attempt to make our silk industry more free, but still subject to protection.

conditions may at the time be imaginary: they *may* come into a future existence, just as Cobden anticipated that free trade would become universal; or they may already exist, and be liable to all kinds and degrees of fluctuation. The method, therefore, it will be universally admitted, must have limits prescribed to it. And these limits in economy are what experience has already brought to light. The question is, "Whether Cobden stepped over these limits?" Had he revolved in his mind all the possible positions his country might be placed in, owing to the varied, and perhaps varying attitudes of surrounding nations? Did he believe that in all these positions the commerce of the United Kingdom would stand triumphant? Or did he quickly dispose of all doubts by vainly assuming that if free trade were carried in his own country, nothing could prevent it from being put into operation by every other people?

Now it is our opinion that the same defect which characterised Cobden's explanation of the cause of distress, likewise disfigures his anticipations respecting the future policies of nations. He was of a confident and emotional turn. He jumped to the conclusion there was only a single cause of distress, and *that* he placed in high rents. And he likewise jumped to the conclusion that foreign nations would become free-traders.

CHAPTER II.

FREE TRADE AND THE EQUABLE PROGRESS OF LABOUR.

“ . . . Being, in fact, consistent in nothing excepting in his obstinate determination to follow the opinion he had once formed, in every situation of things and through all variety of risks.”—Sir WALTER SCOTT (character of Charles the Bold).

COBDEN’S FREE TRADE REDUCED TO A SYSTEM OF FREE IMPORTS INTO GREAT BRITAIN AND IRELAND—HOW UNEQUAL COMPETITION IS PRACTISED TO OUR DISADVANTAGE—DEPRESSION UNDER FREE TRADE CANNOT BE COMPARED WITH DEPRESSION UNDER PROTECTION—THE “PECULIAR” FEATURES OF FREE-TRADE DEPRESSION—THE CHRONIC CHARACTER OF ITS SYMPTOMS ADMITTED BY THE FREE-TRADERS—“FREE TRADE AND PLENTY”—“PLENTY” DEPENDS UPON THE ABILITY TO BUY—WAGES-FUND OF UNITED KINGDOM IMPAIRED BY BRITISH EMPLOYMENT OF FOREIGN LABOUR—RELATION OF EXCESSIVE RAILWAY RATES TO DEPRESSION—FREE TRADE AND REDUCTION OF WAGES—THE TENDENCY TOWARDS HIGH WAGES WHEN LABOUR IS FULLY OCCUPIED.

§ 3. *The results of unequal competition.*—Now it is a matter of the first importance to recognise the course which our whole trade has taken, and is taking, under the supposed benign influence of a system of free imports. For it is to this that the full operation of free trade, as now practised, amounts. We are not blessed with that universal free trade which Cobden

anticipated for us. Of this the abstract free-traders of the present day are well aware, and therefore, with some degree of propriety, they have changed their front. So far as they regard the problem (in opposition, let it be observed, to Richard Cobden), it is really of no moment whether we have a universal free trade or not.¹ They are quite convinced that free trade reduced to a system of free imports is, under the present circumstances, best for their country ; and their grounds, that the country is flourishing under this system of free imports, and that there is every reason to be and remain contented.² The differences in the conditions between what Cobden predicted and what his followers are compelled to adhere to will readily appear, to any one who cares to ascertain them, fairly pronounced. And we leave the free-traders of to-day to reconcile them.

But this system of free imports may perhaps be best illustrated by the following simple figure. Suppose there are two fields, not very far apart, containing merchants who are bartering their goods. If you may enter either of them without payment, then, as a free-trader, you would infer a condition of equality. But it so happens that in the case of one of them the advantages have been so great that the merchants in it can produce their goods at a less cost than their neighbours. In the hope of crushing their rivals, these merchants proposed that all previous taxes upon merchandise—and food was regarded as the chief of raw productions—should be abrogated, and they succeeded in abolishing

¹ All Cobden's arguments for the utility of free trade are founded on the assumption of its being universal.

² Sir T. H. Farrer in 'Free Trade *v.* Fair Trade.'

their own. It may also be remarked that the surroundings of their various industries varied greatly, and that out of the disturbance induced by a change in their mutual commercial policy, the predominant manufacturers of the one nation would secure a certain market in the other, while the latter would in exchange supply the former with an equivalent of corn. There would be a displacement of labour; but while the manufacturing country would monopolise the markets of their rivals, the latter, it was intended, should only be permitted to export just enough corn as would ensure "cheapness and abundance" to their foreign brother labourers. This was again and again maintained: that by a free importation of corn, not a single acre of land would be thrown out of cultivation.¹ But in spite of the opinion that both parties would be gainers by the change, and in spite of the apparent simplicity of the new policy, the neighbours of the free-traders came to the conclusion that the importance of home manufactures was very great; and therefore, instead of following in the paths of their "generous" rivals, who were quite willing to take in return for their own goods the "natural" productions of a growing community, they not only maintained the existing duties, but in most instances increased them

¹ "We have no reason to fear foreign competition (in corn) if restrictions are removed."—Cobden, p. 142. "I have never been one who believed that the repeal of the Corn Law would throw an acre of land out of cultivation."—P. 52. Cobden's attitude towards those who concluded differently to him: "These philosophers, so profoundly ignorant of what is immediately around them, but who meet us at every turn with prophecies of what is going to happen in the future, will tell us, forsooth, that free trade will throw their land out of cultivation, and deprive their labourers of employment."—P. 63.

to such a point as to exclude all foreign wares—that is, the balance, after the home markets had supplied the home consumer according to their ability, was only open to the competition of foreign producers. Every facility was thus afforded to the home producer. He has a certain market for his goods, but he cannot supply it completely. His supplies fall short of the home demand. Is there a tendency here in existence which stimulates the home manufacturer in his exertions, so as to equalise the home supply and demand? And yet the economists who presided over the fortunes of the merchants of their rivals, the free-traders, assert that by Act of legislation you cannot create tendencies, and therefore that you cannot promote trade.¹

But while the home supply is gradually approaching the home demand, the foreign imports will gradually decrease, and finally disappear! Then the free-trade economists come forward and say that their merchants must find other markets.

If, then, the merchants in one field have to pay a tax before they can enter their goods for barter in the other, while their rivals are permitted a free entry, it would, *we* think, appear to most people who are not biassed by the ideal views of free-traders that the conditions are very unequal. Now the idealists assert that “exchange implies equality of value.” And thus the free-trade merchants receive the value of their goods, minus the tax which they pay for being allowed the privilege of selling in a foreign market. And thus they contribute indirectly to the exchequer of other nations.

¹ Cobden said, “You cannot by legislation add one farthing’s worth to the wealth of the nation.”—P. 197.

But it will be offered in reply, that no matter the inequality, our free-trade merchants had the balance of advantages, in so far as they could produce at a cheaper rate.

But to understand the gradually changing relations which take place between rival industries, you must closely watch their respective developments. It will then be seen that the protected industries have everything to assist them ; their surrounding circumstances are favourable ; they have a greater demand than they can at present supply : while the free-trade industries are in the meanwhile becoming trammelled by reason of the fact that "*that* artificial demand" which was made for them by legislation, and which was expected to become a "constant" demand, is gradually being removed from their grasp.

But this is not the only obstacle which the free-trade merchant has to encounter. How far he has been responsible for the extensive growth of manufactures in other countries in his "*eager endeavour*" to destroy them, we need not here inquire. But there can scarce be a doubt that by affording his rivals such indirect assistance (and it has rapidly accumulated and assumed a serious magnitude), he has eventually, within a much shorter time, become the source of those trade difficulties with which at present he has to deal. And one of those difficulties is this : that the foreign manufacturer whose goods have improved and are improving now undersells him in his own market, after having in the first place wrested some external markets from him.¹

¹ (a) Sugar-refining industry ; (b) iron and steel industries—rails, knives, razors (imported in the "rough" from the Continent and *finished* in Sheffield) ; (c) the carrying trade ; (d) the silk trade ; (e) the agricultural industry—wheat, butter, eggs, cheese, hops, &c.

It seems, then, that the balance of advantages has turned in favour of the foreigner. He can produce goods of the same quality, and at a cheaper rate. He is not burdened with taxes at our ports ; but our manufacturers have still to bear the burden of foreign duties.

Are the merchants in these fields under equal conditions ? If not, in whose favour is the unequal competition ?

With such a condition of commercial affairs as this, there was only wanting one element ere a period of depression would arrive—and that element, time. We have been suffering from a depression of trade for many years. The year 1875 may be taken as the starting-point of an actual general decline ; for it is from this period that imports begin to preponderate over exports. But we must not be oblivious of the fact that agricultural decline commenced from the very day when a free intercourse in corn came into operation, and has constantly and steadily been increasing.¹ In short, it is even said by the champion of the free-traders,² that “ the depression has assumed (since 1880) symptoms of a more chronic character.” If by this expression he intends to say that the means of recovering are not obvious, then we agree with him.

¹ With the exception of 1854-57, in which period the national agriculture received an unexpected stimulus from the contraction of corn imports. Did the country lose anything by this increased activity ? It is true the price of wheat rose ; but did the manufacturing industries suffer in consequence ? The export trade points to the conclusion that they did not. Then why cannot “ corn imports ” be properly reduced to-day ?

² Sir T. H. Farrer, in 1885.

It is certain that the present depression has no prototype throughout the whole history of protection ; for all paroxysms of depression during that era continued for no greater length of time than from three to five years. Besides, you could, in the majority of instances, certainly predict its termination, as the cause¹ was understood. But as to the present depression, it has lasted at least twice as long, since the date at which Sir T. H. Farrer first observed serious signs, as the most severe trade depression under protection. And it has a few features which are new to those who have taken the trouble to analyse it. Thus it has struck in turn at every branch of industry throughout the country. Its progress has been gradual, in contradistinction to the sudden paroxysm under protection ; and its effects have accumulated and are still accumulating.

The abstract free-traders allow the depression ; but they explain it away by stating that “it is ‘in the ordinary course of affairs,’ that just as you had, and were to expect, periods of depression under protection, so you must not be surprised if depression overtakes you in the progress of free trade.”²

But we are not to be imposed upon by these or any such statements, issuing from the mouths of the staunchest free-traders. There are a good many people who have already arrived at a frame of mind which does not suffer them to be any longer amused or astonished at the most wanton, though a few are ideal,

¹ (a) Pressures in the money market, leading to depression of manufacture ; (b) money at low interest, leading to over-speculation.

² But the reader will remember that Cobden stated free trade was to raise up a permanent prosperity for us. It was to do away with all that fictitious prosperity occurring under protection.

assertions of abstract free-traders. Nobody needs to be informed that there are "normal" tendencies towards depression, whether trade progresses under protection or is retarded¹ under free trade. These are inevitably bound up in the transactions of commerce ; they are the outcome of these transactions, and are minor causes operating under the influence of a major principle, whether that principle be protection or free trade.

Now the point which the free-trader refrains from discussing is the character of the depression ; and this is the very point round which the whole of the dispute revolves. The abstract free-trader claims that the present depression is in all respects comparable to those which occurred during the reign of protection. It is here that the protectionist joins issue with him, and asserts the very contrary, and for these reasons. The conditions now which surround our trade are not the same as they were when under the control of protection. Therefore to draw the same conclusions from the present state of our trade as we were wont to do when those conditions were modified by protection, is obviously illogical, and would not be done unless there were some ulterior purpose to justify it.² Free trade, as partially practised by this country, has entirely disarranged those surrounding conditions, from the exist-

¹ Our agricultural industries were checked from the very first ; our manufactures were primarily stimulated (by the moral influence of free trade amongst other causes) : they are now in a state of depression.

² Of a political nature. A party in the State has become powerful by the diffusion of free-trade doctrines, and it is to their interest to uphold the principle in all its integrity. It will, perhaps, appear to some that "the question" of free trade "is fraught too deeply with ruin to their cause for them to give a fair opinion on it."

ence of which we could predict a complete recovery under protection. And the problem to be solved is whether free trade, though it could not stamp out normal causes of distress, has or has not introduced, by the disorder which it has created, a new and a predominant one.

§ 4. British labour displaced by foreign produce, and not otherwise consumed, directly prevents the labouring classes from acquiring that "plenty" which it is the object of free trade to afford.—You cannot deny the change in surrounding circumstances ultimately induced by free trade. With that change there has gradually appeared signs of distress, which have increased, and are increasing. What is the exact amount of distress prevalent is difficult to ascertain. But that it is very great, and of dimensions large enough to form the subject of a parliamentary inquiry, there can be no doubt in the minds of those who closely follow all the collateral forces which free trade has brought in its train.

But there is one point bearing on the association of free trade with cheapness and plenty which we cannot forbear to mention. Every one who knows what Cobden's opinions are, from a study of his speeches, will recollect that the powerful agitator connected free trade not with cheapness only but "abundance" as well. He is very clear upon this.¹ Free trade

¹ P. 105: "We do not seek free trade in corn 'primarily' for the purpose of purchasing at a cheaper money rate; we require it at the natural price of the world's market. Whether it becomes dearer with a free trade, or whether it becomes cheaper, it matters not to us,

tends to produce cheapness,¹ he asserts, and very confidently too ; but he does not bind himself to mean that it will cheapen all articles : there may be some disturbing cause which intervenes to raise prices. But the chief, the sole, almost the sublime object of free trade was, as he put it, to produce "abundance." This is the ground which he fell back upon, when charged by his opponents with attempting to effect a general fall in prices.² It would not, this free trade of his, cause a reduction of price in all articles. Of that he was well aware. But he must have some specious argument by which to prevail upon the ignorant. And thus it was that Cobden promised the working classes "abundance." An abundance, it is to be remembered, which was not to interfere in the slightest degree with home production of corn !

Now it is not our object to argue that free trade does not tend to procure "abundance." For that is the true way of stating Cobden's proposition. What is our purpose is to show—

1. That the consequent, "abundance," is altogether dependent on the favourable nature of surrounding circumstances for its production by free trade ; and, 2. That

provided that the people have it at its natural price, and every source of supply is freely opened, as nature and nature's God intended it to be." P. 62 : "What do free-traders want? Not cheap corn merely, in order to have low money wages, but plenty of corn—the price of which must find its natural level in the markets of the world."

¹ The reader will observe that "cheapness" is a political as well as economical element.

² P. 73. "For assuredly he took the least comprehensive or statesman-like view of his measures when he proposed to degrade prices, instead of aiming to sustain them by enlarging the circle of exchanges."

"plenty," the great end of the free-traders, was achieved, and is yet being attained, through means diametrically opposed to those portrayed by Cobden. Did he not honestly declare that the stimulation of a foreign competition in corn would *compel* British farmers to expend more capital on the soil, and employ more labour, in order that they might produce at least one-fourth more than they grew under the system of protection?¹ Did he not assert that, rather than fear the result of being swamped with foreign corn, we should become a corn-exporting country under free trade?²

Free trade will undoubtedly attract an abundance of food to this country, if only there is the demand for it, and such a demand continued during our manufacturing prosperity. But it will be said there is ever a demand for food. Not, however, in the economical sense. The free-trade economist's notion of demand is something more than a mere desire. There must be existing, with this desire, the ability to pay for what you want. Obviously, therefore, if the labouring classes are to continue demanding food from the western hemisphere, and to enjoy an abundance of it, they must possess the means of acquiring it. That is, they must be efficiently employed. What are the facts? Do you admit that, from a comparison of the export with the import trade, the labour of this country suffers a very serious loss? and one, too, which there is proper ground for assuming, is increasing. If that is the fact, and it is not in the mere statement of the precise

¹ Cobden's Speeches, p. 51.

² Ibid., p. 115: "We should be a corn-exporting country if we grow as much as we may."

amount, however important in many respects, that you will be able to adduce sufficient grounds for advocating what must always be on such occasions a partial policy—you must inquire into tendencies; you must ascertain whether any of these are in active operation at the present; whether these checks which previously impeded them from coming into action are in process of being removed. Such being the fact, it is clear that the wages-fund of the United Kingdom must be decreased. And if decreased, it is not an improbable inference that the ability of the labouring community to pay their way is diminished.

Is there anything to support this conclusion? Let us make a reference to the imports of corn during the last few years, and you will perceive that, though these imports have been increasing, as our fields have been turned out of cultivation by adverse competition, yet that they have not been increasing sufficiently enough, not even for the supposed necessities of the existing labouring class, much less, then, for that increment which is constantly enlarging their numbers. Take the figures of last year, and you will at once perceive that there is a deficiency in the normal amount of wheat—to be consumed on free-trade principles in the country at the average of 5.65 bushels per head of the population—of just two millions of quarters.¹

And we may here point out to the free-trader the important distinction to be made between giving the labouring masses facilities for procuring abundance, and interfering with the very means which are to procure such abundance. In other words, to indicate the ero-

¹ Letter of Sir J. B. Lawes to 'Standard,' October 1887.

neous and dangerous course which was pursued when "cheapness and plenty" were sought without reference to demand for labour. It was not the first occasion when cheap provisions, the importance of which was recognised by Huskisson, became the care of the legislator. That distinguished statesman spent the whole of his official life in the endeavour to secure steady prices to the consumer. He set aside all schemes which, however much they might cheapen food, tended to encroach upon demand for labour. Cheapness, he asseverated, was a very good thing when associated with demand; but "cheapness without demand was a sign of distress." He foresaw the influence which cheapness in itself, without being related to production, would have upon demand. Contrary to the free-trade policy, Huskisson conserved the sphere of demand. "You must not," he said, "injure demand by cheapening food." Cobden said, "Make bread cheap, and let demand take care of itself."

But what can be more absurd than to accuse the free-trader of independence? Was it not to unfetter industries—to allow of labour pursuing its "natural" channels—to improve to the very utmost the surrounding conditions of the labouring man,—that Richard Cobden laboured, and, so far as regards one generation, with the exception of the agricultural labourer, not in vain?

It was to remove abnormal interferences, as he thought, and as he termed "unnatural," because (as protectionists conceive, duly) restrictive, not to create them afresh, that the principle of free trade was put into operation. Is it just, then, to accuse the free-trade

principle of creating interferences? Let the following facts be contemplated, and then you will perceive whether there is justice in the charge. When the cry of distress was raised during protection—and even when the markets were depressed—the export trade steadily and constantly increased. But during free-trade distress, our exports remain stationary. They are standing still, while the population of the country is constantly being increased. Was ever such a phenomenon known under the protective period? We challenge the free-trade theorists to adduce, out of Sir Robert Peel's experience, any single instance of it. We do so fearlessly, because we know that such an occasion cannot be brought forward. And we submit this relation of *distress*, with *decreasing exports*, to the consideration of those who, rather than argue from mere facts in the field of economy—a treacherous practice—endeavour to discover the workings of a principle of which these facts or figures are but the indications of its existence.

When this association of actual free-trade distress (in contradistinction to so-called free-trade prosperity) with decreasing exports—*absolute*,¹ when compared with the export trade under protection, which shows an increase proportioned to the increasing population;

¹ Under protection exports increased steadily, and kept pace with increasing population—*vide* figure in 'Free Trade,' p. 19. Imports were more than balanced by exports. Under free trade: exports, 1850, £153,000,000; 1866, £239,000,000; 1872, £314,000,000; 1885, £271,000,000. Since 1875 there has been no steady increase to meet requirements of additional population. Care must be taken not to confound increased value under free trade with a proportionate increase of bulk. Bulk and price both rise, but the latter in greater intensity.

relative,¹ when contrasted with a population constantly increasing—is properly understood, then we are of the opinion that the charge against free trade interfering with the normal development of the national industries has been sustained, and will pass unchallenged. But it must be remembered that the question concerns free-trade distress, and free-trade distress alone. There has been far too great a leaning on the part of many economists² to deduce constant beneficial results from free trade. The deduction, we assert, is not founded on real tendencies. Where these economists have erred is, we venture to state, in not supposing that the surrounding conditions, at first existent, of free-trade action, would be liable to fluctuation. These conditions, as every one at the present day cannot but acknowledge, have very materially altered. Where are the “dear” markets of Cobden’s days, you may ask of the manufacturers of Manchester? And in what does the utility of cheap markets consist, when the ability to buy is being slowly but increasingly reduced? Regard the amount of unoccupied labour! Let it be but freely admitted that Cobden’s times are not ours, and then you

¹ From Mr F. T. Haggard, in his pamphlet on ‘Demand and Supply’: exports + freights + interest, on £100,000,000. 1866-75, £3,664,000,000; 1876-85, £3,764,000,000—an increase of 100 millions sterling. Increase of population during 1876-85, 3,720,000. From these can be deduced exports per head—1870, £11.6; 1880, £10.7.

² The authority of writers like J. S. Mill and Professor Cairnes cannot but be diminished by the circumstance that they were biased by the primary and favourable operation of free trade. They wrote in the midst of the “unparalleled prosperity” immediately following, but not altogether the consequent of, free trade. But neither of those economists analysed in detail the causation of that prosperity. Both magnified the action of the free-trade principle.

will open up the way to the inquiry, "Is our present economical policy so adapted to its surroundings as to be beneficial to the nation at large?"

But free trade has not only induced a "major" interruption in the normal course of our trade, it has been the cause of minor interferences as well. Let the quarrel between the master manufacturers and the railway companies attest the accusation. The railway rates are too high. They are one of the causes of the depression of trade. In the opinion of some, they constitute the sole cause. But how long have they been too high, or relatively high? And how is it that the free-trade merchants made their large fortunes when the rates were high? We think that we may, without falling into any grievous error, divide the career of the free-trade merchant into three periods. The first period was the one in which he was prosperous. His foreign rivals he scorned. He attempted but failed to crush them.¹ Free trade detests monopoly, and rejects it as hindering trade. And yet, unhappily, it was the very object of these merchants to obtain a monopoly of foreign markets.² How is the reconciliation between sentiment and practice to be effected?

But the supremacy of British manufacture was to receive a blow. This blow was struck by other nations who consented to follow in the paths which made England a great commercial country. They determined

¹ Sir Robert Peel gloried in the paralysis experienced by some German industries, as one of the immediate effects of British free trade.

² Mr Gladstone in 1843 said that "the free-traders were attempting to break down one monopoly in order that they might establish another." Quoted from Cobden, p. 30.

that, in supporting themselves as far as they could, they were promoting in the best manner their own interest. They resolved that their progress was to reside in the development of towns ; and to make these grow, it was clear that they must nourish manufactures. In a word, they are protective.

As foreign manufactures increased, demand for British goods began to diminish. As natural growth even of native industries is slow, so the influence of their development upon the British merchant was gradually reduced, but the effects were cumulative. He began to lose control over those markets which he endeavoured to swamp ; but what was this but to lose that artificial demand which he was the means of creating ? The "artificial" demand decreasing, his small profits upon greater quantities went on decreasing too. The bulk of his produce, undergoing a relative reduction, as he could not charge a greater price, the growth of his business was inevitably checked. Here, therefore, he ought to have claimed a reduction in railway rates, because that artificial demand which sent up the rates, was becoming more and more reduced. Against such a claim, however, there would have been many objections. Besides the manufacturers are not unlike their fellow-creatures in "hoping for better times," and in bearing a present small loss in prospect of greater gains in the future. But their hopes were unfulfilled. And thus it happened, the loss of this artificial demand became the cause of a parliamentary inquiry into the proper cost of the transmission of goods by the railway. The railway, indeed, must needs have its proper share. The share received by the railway proprietors during the first period of the

free-trade merchant's career was not a "normal" one. The free-trade merchant in his second period cannot pay, with a sufficient profit to himself, the cost of transit. It is excessive. But why excessive? It is excessive because at its present high level he cannot compete successfully with his foreign rival. The tables, then, have been turned, for we know that he competed in the first period very greatly to his benefit. It is frivolous, therefore, to assert that excessive railway rates are the cause of the present depression. Nor is it at all likely that their reduction will be followed by a permanent revival of trade,¹ as those maintain who argue that the excessive cost of transit damps the ardour of the merchant, and acts directly in causing a smaller production of goods. The "production of goods" is not dependent in the first instance on the cost of transit; for the cost of transit is included in the price which is paid for those goods. But suppose *that* price to be lowered, and by these very forces which free trade stimulated; then, indeed, the cost of transit, which is now become excessive by reason of an alteration in one of the surrounding conditions of the free-trade merchant, bears very hardly upon him. But it is the result of his own short-sighted policy. The alteration consists in the fluctuation of price; and price falls from a higher to a lower level. Thus the

¹ The reduction in cost of transit will go into the pockets of the manufacturers. They will be certain of some profit then; and the maintenance of their factories will be assured for a while, without, however, any margin for extending their business. But for how long? Just as long as prices are maintained. But we do not know that our foreign rivals cannot produce at even a cheaper rate than they do at present. Besides, they have the advantages of the "bounty" system. What is to help the British manufacturer if prices are still further reduced?

price of English goods becomes determined by the price of foreign goods.¹ But what was the price regulated by, when our foreign rivals could not compete against us, both in neutral and our home markets? Clearly by the ability of the consumers to pay. It follows, therefore, so far as our free-trade exchanges are concerned, that home prices are only in process of becoming regulated by foreign prices. In the first period of his prosperity, the free-trade merchant made his own prices. He grew rich upon the produce of his monopoly. But now, in the second period, he is having his price made for him, and with the ensuing consequences, not only do his profits get smaller and smaller, but the quantity of his goods is reduced. The free-trade merchant, therefore, is nowadays in the unhappy position of having the candle of his misfortunes burning at both ends! The second period of the free-trade merchant's career is thus consumed in the process of equilibration—we mean in his attempt to get on equal terms with protected rivals. But foreign export prices have become so low, that he can no longer stand up against them with profit to himself. We are thus arriving at the third period, in which he will have to propose a reduction of his labourer's wages; a measure which has already been advocated by

¹ 1. In the home market, because of the free entry of foreign produce, raw and manufactured. The importation of foreign corn has sent its price from 50s., which was the level Cobden anticipated (p. 73) to 30s. per quarter. Is this the lowest price at which corn can be grown abroad at a profit? The same tendencies exist in every imported article.

2. In neutral markets, the foreigner, if he cannot produce as cheaply as his English rival, is assisted by a bounty.

3. In rival markets, the English manufacturer is excluded from free-trade competition by heavy import duties.

the greatest living free-trade economist, Mr John Bright. And this is progress ! We do not deny that the nation advanced commercially under the primary and moral influence of free trade, and the material conduct of other forces. What we assert is that this advance was not an equal advance, for it affected manufacture alone ; and that free trade, and free trade alone, has destroyed our agriculture, while it has helped to elevate our manufacturers. But even this prosperity of manufacture was transitory. We have already seen its level of prosperity receding. What is the causation of that catastrophe ? How shall we be able to afford stability to the superstructure when its foundations have been undermined ? How support the labouring class, artificially enlarged by a transient influence, when the means of employing it are being still further reduced ? The railway rates are reduced ; the labourers' wages are going to be reduced, if they are not so already ; and the British manufacturer has to seek markets anew, for protected countries do not like his goods, and neutral markets will not give the price which he demands for them. They can get them cheaper from protected countries. There must be a lesion lurking somewhere, it is clear. But it is not discerned by all ; it resides in the cost of free-trade labour being too dear. While all else is cheap (there are but few exceptions), labour remains dear¹ in

¹ The reader will recall the great increase in the rate of wages, excepting agricultural, about the year 1850. On account of the increased trade of our manufacturers, demand for labour increased and wages rose. On the other hand, bread was cheapened. Now, our trade relatively shrinking, and labour being at a discount, even with the reduction of wages ensuing upon competition of the labourers themselves, yet the wages of labour are very much larger than those of the foreigner. In

the free-trade country. What is the result in protectionist States? Labour is cheap; prices of articles relatively dear. Which is the more favourable set of conditions for an export trade? It assuredly requires considerable amount of self-restraint, when counterplating the many artifices employed to cajole the ignorant during the free-trade agitation, not to express in the liveliest manner the indignation which they call up. It was "protection and starvation" then. Why do we not cry out "free trade and scarcity" now?

Of the grand picture which Cobden painted—what remains? The supremacy of British manufacture, flourishing agriculture, no possibility of being swamped with foreign corn, high wages, and food in abundance. It seems as if it had been drawn upon the sands of time, and that the advancing wave of the prosperity of foreign nations has removed all traces of its former existence. And even when they recede, we look in vain for its re-appearance amongst ourselves. But all these elements consider them as you will, are closely inter-related; they are all supported upon the same basis. Destroy that basis, and these elements are dispersed; they fly in opposite directions. The interest of the landed proprietors, the sons of England's former benefactors, whose ancestors in the distant past built up slowly but surely the foundations of the greatness of the people, was severed from the rest. The selfishness of the manufacturer required it.¹ And now, what community of

this way the British free-trade manufacturer is handicapped! The present rate of wages of labour refer to a past period of prosperity.

¹ "Our opponents have been fond of telling us that this is a middle-class agitation. I do not like classes, . . . but I believe that we

interest have we as people of the same nation?¹ The manufacturer gets his food from abroad, because he pays less for it. But, said Cobden, under free trade we shall not produce one quarter less of corn than we do now (1843)! The labourers get their goods from Germany, instead of patronising the native industries of their country, because they can buy them at a cheaper rate. Yet Cobden said that the best customers of the manufacturer were the agricultural labourers.² Thus is there a double force acting against the true interests of the nation. Instead of employing our own labour in full, we employ some of that of the foreigner. But not only does the nation suffer from a constant drain of its wealth in this pernicious procedure, but she is racked internally with opposing interests. Where before there was harmony, now discord prevails. The master and man under protection found their interests working in unison; under free trade the labourer has already begun to learn that his interest is not that of his master. He has been accustomed to high wages; but these wages must, under present circumstances, be reduced, and therefore he opposes the action of the manufacturers.³ The influence of the trades-union in-

have enough of the middle class and the propertied portion of the middle class, to beat the landlords at their own game."—Cobden's Speeches, p. 121.

¹ "Non frater a fratre, non hospes a hospite, tutus."

² Speeches, p. 51: "The best customers of the farmers are the labouring and manufacturing classes."

P. 53: "The farmers will make up the deficiency in the value of agricultural produce by increasing the amount of production; more labour will be employed; and consequently there will be a greater demand for manufactured goods."

³ There were, of course, discontents during protection, but they

creases,¹ and capitalists turn away from labour which demands a greater wage than they can afford to pay.

§ 5. *Cobden's errors.*—We have already noticed one of Cobden's errors. It might appear to some that to err on the question of causation is of supreme gravity. To regard the effect as cause, and base a policy upon it, must in the long-run end in disaster. And we think the reason why Cobden's arguments have not been so narrowly examined as they deserve to be by those who applaud him most is close at hand. Any policy which opens with the flush of success, and which continues successful for a period of time overlapping two generations, is apt to be popular. And thus the free-trade policy became popular in England, not because it was framed upon a safe and secure basis, but because it was attended with a trade activity never equalled in this country. Under such circumstances it is clear that the ignorant crowd became prejudiced in its favour. But the strangest phenomenon of all is, that the wise, and those who wrote upon economy,² should take it for granted that free trade and prosperity were inseparably

never assumed a serious aspect. The Chartist agitation was based on political, not on economical grievances. At first the Chartist leaders held aloof from the free-traders, as being likely to prejudice their cause. They were afterwards absorbed in the agitation for free trade.

¹ “The principle of protection, extended to trades-unions so justly and so beneficially in England, should be extended to the Irish occupiers of lands, for the protection of their interests, when threatened by the vast and organised power that is paraded against them.”—Rt. Hon. W. E. Gladstone, reported in ‘Standard’ of July 9, 1883.

If the Irish occupier is to be protected from adverse (?) influences, why should not the British farmer?

² John Stuart Mill, Professor Cairnes, Professor Jevons, Professor Fawcett.

associated. Assuredly there must be some basis for that relationship. What is that basis?

But the vulgar prejudice, you will allow, should not have been permitted to obscure the discernment of the public teachers. It may be all very well, as an election manœuvre, to call the people to vote for free trade and prosperity. And the fact that prosperity had been predicted as the consequence of free trade, and did actually come about, would suffice to impel the people to place the prophet's mantle upon Cobden's shoulders. But the calm and intelligent man, whom Cobden loved but whom he seems rarely to have found, would concern himself in inquiring how it was that free trade induced prosperity. He would endeavour to learn the basis upon which the association of free trade with prosperity rests. If he had done so, and it is the fact that Cobden's admirers have not performed this task, he would have discovered that the proposition "free trade causes prosperity," like all other universal and ideal propositions, requires to be limited by the actual facts of experience before you can clothe it with any practical meaning. "Free trade causes (some degree of) prosperity." Yes; but only under certain conditions. Now it is the state of these conditions which determines the action of the free-trade principle.

The direct effects of free trade were—1, The tendency to lower prices in the home markets; and 2, Increased circulation, mainly of the foreign markets, owing to increased production of British manufactured goods.¹

¹ It should be observed that there are other causes which increase the circulation of the markets. Free trade is only one cause, nor is its action a very constant one.

What determines that “increased circulation” shall be the cause of prosperity?—when prices in foreign markets are maintained. We have just witnessed a period when that increased circulation was not prosperous for the manufacturer, for the simple reason that he did not get the same price for his goods. Therefore this increased circulation is not always associated with prosperity. Did free trade cause prosperity directly? The free-trader says so. How, then, does he prove it? Is it not rather the true statement of the fact to say that free trade caused, under certain conditions, “increased circulation,”¹ and that *that* “increased circulation” was associated with the cause of prosperity?² If this is so, then free trade was but the indirect cause of prosperity, and how many disturbing elements there are between free trade and prosperity can easily be imagined.

But the causation of error is ignored when in their train come the opportunities supplied by an enormous increase to our wealth, of indulging in satisfactions. But these satisfactions are in large part denied to the present age. And why? Because Cobden believed that the home industries were depressed owing to wages being high from the dearness of bread. He said, “You must cheapen labour,” and then you will stimulate not only the manufacturers but also the farmers to produce more.³ But he did not detect that in the process by

¹ *I.e.*, the manufacturers foresaw that if they could get a firm footing in foreign markets by throwing large quantities into them, they would be enabled to maintain their hold the better with the price of wheat reduced in the home corn-markets.

² Obviously, on this assumption, an artificial one.

³ The assumed beneficial effect of free trade upon agriculture was an afterthought. Cobden mentions this when endeavouring to win the farmers in 1843.

which he cheapened bread there lurked the seeds of those forces which would grow up and retard the progress of that wages-fund of labour which he endeavoured to promote. What did Cobden attempt? Did he strive after the equitable progress of the working classes? No one, it is certain, wishes to detract from the magnanimous object which he had in view. For every philanthropist pursues the same object. It is in the means, not in the end, where the fault rests. Now Cobden used means of whose stability and constancy of action he could not be assured, though he was strongly prejudiced in the belief of their stability and constancy. Those means have failed, and have interrupted the progress of labour. Hence the present labour crisis.

But it is difficult to-day to assure the labourer that with a smaller wage he will be any the better off. Will the labourer be able to do more with that reduced wage? If such be possible, it can only be after a transitional period between high price of corn with high wages and cheap bread with reduced wages. During that period, it is open to the free-traders to claim enormous advantages for the labouring community. But in the opinion of some those advantages have been too suddenly acquired. They rested upon a precarious foundation. They likewise had their corresponding evils. They have taught the working man how to be extravagant, how to be vicious, and how to destroy himself with inferior spirits.

We believe that all improvements should be induced gradually; and that free trade, in consequence of its suddenly conferring an abnormal prosperity upon the labouring mass, has been the prime cause of a vast

amount of moral and social evil. For we need go no further back than to Aristotle to be taught that the sudden acquisition of wealth tends to be followed by extravagance and arrogance on the part of those who become its possessors. In the case of those who were so little and so badly prepared for it, was it unlikely that the tendency should, in the generality of cases, become a predominant force? Thus, Cobden did not secure an equitable progress to the national labour interests. But whatever the moral and social evils that have accrued from free trade, the question that stands before the working classes is the reduction of wages. And what they will have to determine is whether this reduction retards their progress; and if so, whether their wages shall be rendered more secure by a due and proper protection to their own labour. The issue, it seems, is a simple one. It is certain that wages cannot be maintained at their present rate under our free-trade system. Under protection there will be the tendency, with full employment of labour, towards high wages.¹

¹ There has been of late an attempt, and in some cases a successful attempt, on the part of the labourer to acquire an increased wage, notably in the instances of the "puddler" and the "coal-miner." The demand was based upon "the revival of trade" (1888).

It is impossible not to observe the influence of force, used in a threatening fashion by labour organisations. But because a small section of labourers have had their wages increased, it is not to be inferred that the great bulk of labourers have become proportionately enriched. It is the fact that wages have generally become reduced, either through "short time" or else from working "by the piece." The question also remains, "How long will the revival continue?"

CHAPTER III.

OVER-SPECULATION AND THE RAPACITY OF MANUFACTURE.

"Welcome, Herr Philipson—welcome, you of a nation whose traders are princes and their merchants the mighty ones of the earth. What new commodity have you brought to gull us with? You merchants, by St George! are a wily generation."—Sir WALTER SCOTT.

THE INFLUENCE OF THE CORN MERCHANTS UPON PRICES COMMENTED UPON BY HUSKISSON AND SIR ROBERT PEEL—THE PREVALENT TREATMENT OF THE AVERAGES—HIGH RENT NOT RESPONSIBLE FOR THE SUDDEN VARIATIONS IN THE PRICE OF CORN—THOSE SUDDEN VARIATIONS THE SOURCE OF THAT DISTRESS FOR WHICH HIGH RENT WAS BLAMED — UNDER THE CORN LAW PRICE OF WHEAT SLOWLY RECEDED, WHILE RENTS INCREASED — COBDEN GAVE THE BRITISH FARMER A "NATURAL" PROTECTION—THE DESTRUCTIVE TENDENCIES OF EXCESSIVE CORN IMPORTS—DEPRESSION UNDER PROTECTION AND FREE TRADE NOT COMPARABLE—UNDER PROTECTION DISTRESS WITH INCREASING EXPORTS—UNDER FREE TRADE EXPORTS DECREASE WHILE DISTRESS CONTINUES.

§ 6. *The sudden rises in the price of wheat due to speculation.*—But there are many other causes besides the ones already adduced, why the soundness of that legislative policy affecting our commerce with other nations—and in its accomplishment Richard Cobden took the chief part—should be reviewed. And amongst these there appears this one—the influence of the corn merchant in raising the price of wheat.

Now this was no trivial influence. It is specially mentioned by Huskisson, with other factors, as tending to cause that excessive fluctuation in the price of wheat which he so much deplored. It was this which acted, together with other forces, to prevent a fairly remunerative price to the grower, and a steady one to the consumer. All who have pursued with attention Huskisson's policy, will remember that the attainment of this steady price was his chief object; that in this consisted "his" settlement of the corn question. To seize upon a single unqualified assertion, with no reference to the peculiarity of the circumstances under which it was uttered, and to call it "the last codicil of Huskisson's will,"¹ this, we are inclined to think, would in the instance of any other individual but Cobden, be regarded as a questionable means of arriving at a safe conclusion.² It is all the more wonderful in Cobden's case, for he had already drawn the attention of the multitude to exactly the same procedure on the part of his opponents. He had, antecedent to this example of it in himself, exposed the invidious practice of snipping with a pair of scissors certain sentences of an opponent's argument, till what is left makes directly against what that opponent intended to advocate; and we can imagine the horror of the ignorant crowd when such an unjust practice was discovered to them by the enthusiastic and persuasive Cobden. But we do not impute impure motives to Cobden on this account. In such a busy

¹ Cobden's Speeches, p. 7.

² Sir Robert Peel also remarked upon the influence of the corn merchants in causing great variations in the price of wheat.—*Vide* his Memoirs, vol. ii. part 3, "The Repeal of the Corn Laws."

mind, where there was not the most desirable arrangement of ideas, it is impossible but that he should fall into unguarded inconsistencies. Taken in conjunction with the shallow treatment of those problems to which we have alluded, we regard this as a sign of Cobden's superficiality.¹ We think there can be no doubt that he was too fascinated with the apparent grandeur of his ends ; and that in his endeavour to reach them, he lost sight of the best practicable method, and plunged into the darkness of a hypothetical region, in which he was unable to guide the nation's progress with certainty. It must be allowed that to judge from a part when you have the opportunity of examining the whole of a statesman's policy, and to adduce that tainted judgment as proof of the soundness of the views you are advancing, is a treacherous method, and must eventually end in disgrace. But Cobden had the power of impressing his audience, and his system of dwindling proof down to the lowest possible limit, is, or may be taken as, evidence that his mind, comprehensive as it was in a very large degree, was not sufficiently trained in that profoundly intensive treatment of economical questions which their very nature requires. He was comprehensive and superficial ; but he did not discern with clearness many of the points which were present, and more might have been presented to his view. He was not, certainly, comprehensive and profound. Had he been less comprehensive and more profound ; had he

¹ But it must not be supposed from this that Cobden was not comprehensive. He tells us himself that he took a comprehensive view of the question. But a view may be comprehensive, so far as breadth is concerned, without being deep enough.

studied all the peculiar circumstances which extracted from Huskisson an unfortunate statement¹—unfortunate, because liable to be exaggerated and likely to be misinterpreted by shallow or cunning men ; had he more closely examined the nature of rent, instead of losing the control of his reason in an outburst of passion against the wicked landowners ; and had he portrayed all those possible surrounding conditions which were likely to appear in the course of free trade,—then he might have attained to a firmer and still more comprehensive grasp of his subject—such an one whose handling could not by any means have led himself into error, and his country to the verge of ruin.

It may seem to some a strong, but it is not a novel view, to look upon Cobden's emotional susceptibilities as being somewhat akin to fanaticism. His attitude towards the proprietors of the land, founded as it was on very imperfect evidence, almost suffices to substantiate this charge.² How, then, do you explain the phenomenon, that Cobden managed to keep the field so

¹ Huskisson stated that the Corn Law of 1815 might be repealed. But this did not exclude the imposition of another Corn Law. We have Cobden's authority for this. On p. 162, we read : "It is admitted that the present Corn Law cannot stand. It seems to be doubtful what we shall get instead of it. Are we to have *another* Corn Law ?" Yet Cobden believed that Huskisson was a free-trader in corn.

² Cobden's relation to the landowners was peculiar. It appears he entertained at one time a deadly hatred towards the Whig aristocracy. But afterwards, we find him acting in conjunction with them. On the whole, we conclude that he was not averse to the aristocracy, as a class, provided only that they did not oppose what he regarded as the "progressive" spirit of the age. Indeed he recognised their importance in the British constitution, if they performed their functions honestly and efficiently.

long, alone protected by an artillery of errors? One reason is at once forthcoming, in the moral force of the man; the power which he possessed, in such brilliant degree, of making those with whom he came into contact believe in the rectitude of his ends, by a powerful description of the results of those ends (if they happened!), drawn at the expense of the elucidation of the means by which they were to be effected. Another reason is found in the following fact. It was unlikely that the poorer classes, being opposed to the richer, would believe in the protestations of the latter; these protestations were, however, put forward by a small and determined section, which announced that the welfare of agriculture was inseparably associated with the welfare of the country. Thus, a strong prejudice being aroused against the landlords, they endeavoured to rebut, so far as in them lay, the cruel and unjust calumny flung at them. And they did this in very different ways. Some of them, indeed, even went the length of actually believing the charges which were openly made against them—which were to this purport, that their excessive rents went to pay either mortgages or else the dowries of their eldest daughters. Their excessive rents being purely arbitrary, and gradually increased for definite objects, they were ultimately borne by the consumer of corn;¹ and as the labouring classes formed by far the larger part of the community, nearly the whole of the burden weighed upon them. Hence the

¹ On some occasions, Cobden said the landlords threw on the increased price of bread at the labourer's expense; on others, he stated the "increased" price came out of the manufacturer's profits. But he never tells us on whom they finally fell—the foreign consumers of English manufactures.

picture drawn by Cobden, of the working man feeding his hungry children upon half a loaf, the other half being removed by a spectre, and conveyed, in the shape of money, into the coffers of the landlord. It was easy, then, for Cobden to infuse some angry enthusiasm in the breasts of those who heard him, by thus "proving" to them that they, the larger part of the community, had been constantly subscribing, and were doing so still, to the excesses and extravagances of the upper classes. No matter whether the cause was true or false, Cobden was dexterous in putting his audience in touch with it. But before attacking an influential and respectable class, before accusing the landlords of acts of tyranny and rapacity, it seems but reasonable, at this distance of time—but again, Cobden only regarded that side of the argument which made in his favour—that he should have inquired into the antecedents of the body of men whom he succeeded in dragging into the public odium. He would then have discovered that, under the system of things which appeared to him disgraceful, the nation had flourished, and that this flourishing condition was expressed in a slow and equable progress.¹ Besides, he would have perceived that the very factor which he desired to abolish—the high and fluctuating price of

¹ As matter of fact, the manufacturers and merchants made far higher profits than the farmer and landlord. Besides, they acquired a much larger revenue, as attested by David Hume in a letter to Turgot: "Je suis persuadé qu'en France et en Angleterre les revenues de cette nature sont beaucoup plus grands que ceux qu'on tire de la terre." —Les Grands Écrivains Français : Turgot, par M. Léon Say, Paris, 1887 (p. 51). On what proper grounds, then, could the merchants desire to make higher profits?

corn—was undergoing a natural cure, as shown by the fact that the price of wheat was gradually receding from its former high level; he would have observed those tendencies gradually increasing which would have effected what it was Huskisson's ambition to bring about—a steady price of wheat. But Cobden's treatment of the problem, though comprehensive, was not accurately comprehensive. Those points which were of *minor* importance he dignified into *major* significance. The difficult paths which required some finding he left untrodden. But after he had got the landlords in their own trap, as he thought, we think it will appeal to the minds of all those who take a calm and sober view of things that he ought to have left nothing unattempted which would secure the justice of his accusations. For when a charge is made and found not to be substantiated, Cobden must have known that all the epithets which he hurled at the heads of the landlords would certainly recoil upon himself. Against such a disastrous consequence every honourable man strives with all his might to protect himself. But what do we find Cobden doing? Nothing of the kind. On all succeeding occasions, when he addressed his free-trade audiences, he had nothing new to say; what he did was merely to increase his threats, and the baseness of his charges. He continued his vituperations of a class which, on more than one occasion, he admitted formed an important part in the constitution of the country. But instead of abusing, he might have directed his energies towards acquiring fresh information, making new analyses, and discovering other modes of reasoning which, in consequence, he left unused. He might, without any fear of arriving at a

false conclusion, have put himself in the place of the landlords. And here the fact must be recalled, that Cobden first became a landlord after the repeal of the Corn Laws. If, then, he had taken the comprehensive view, of which he was so proud, it must have occurred to him that it was just possible that part of the increased price of wheat went into the pockets of the corn merchants, if, in fact, all of it did not do so. Such a possibility would suggest the reason of its coming into being. This would have brought him to the speculation of the corn markets, and the conditions and their variations which led to that speculation. But any normal function—and speculation is a normal function—may be exaggerated or abused. Over-speculation, therefore, tended, when circumstances were favourable, to become active in the corn markets, as well as in the markets of the manufacturers. But nowhere does Cobden mention this over-speculation in the corn markets, and he winked at the true causes which produced distension of the trade markets. There was evidence enough, then, to show that Cobden's facts and figures were insufficient to justify the weighty conclusions he based upon them. Had Cobden been a master of reasoning, and had he used that system which had often been used before him, and eventually styled the "double method" by John Stuart Mill, he would have extended his inquiry concerning the influence of rent upon the price of corn, by adducing the progress in the variation in the price of corn in other countries. Nor need his labours have been very extensive in this direction. One contrary instance would have sufficed to prove the false nature of his general conclusion. There was a tract published in

1841, which contains an account, by Dr Calvert Holland of Sheffield,¹ of the fluctuations in the price of wheat in Danzig, Rotterdam, Lisbon, the United States, and other countries during a series of years. Such a statement had then, and has now, very obvious bearings. It demonstrates the fact unknown to Cobden—it could not have been ignored by him—that the fluctuation in the price of corn was just as great in those countries where rents were very low, and the corn markets not disturbed by an export trade, as it was in England, where the rents were very high, comparatively. Now this instance is quite sufficient, according to one of the canons of Mill, to prove that rent cannot be the sole cause of the high price of corn. And therefore Cobden's assumed proposition is proved to be untrue. Indeed, the circumstance that, in the one case where rent was low and in the other where it was high, fluctuation happened in both, goes to prove that some other cause or causes "must" have been present to effect this result. Now this fluctuation in price was dependent, as we know to-day, on the variation ² of those factors which influence the price of corn. Huskisson affords cases in which the price of corn was 20s. higher a fortnight before, than it was immediately after, the harvest. Such an alteration could not be in any way charged to high rent, as a consequence. But we need go no further to

¹ Tract by Dr C. Holland, published by Ollivier, Pall Mall, in answer to M'Culloch, who argued that a fixed duty would do away with the assumed evils of the Corn Law of 1828. The Doctor proves that the fixed duty would introduce evils of greater magnitude than those which he thinks are falsely ascribed to the action of the Corn Law.

² Sometimes induced fraudulently, as Sir Robert Peel mentions in his *Memoirs*, vol. ii. p. 346.

show that, though Cobden's purview was fairly comprehensive, yet it was neither sufficiently nor accurately comprehensive enough to enable him to arrive at the true conclusions. But he reached, by its means, a working conclusion, which made for his purpose.

§ 7. *The "natural" protection to corn.*—Cobden, then, raised a fury against the landlords, because he was ignorant of the true facts of the case. We cannot believe that Cobden, knowing his charge against the landlords to be groundless, but difficult for them to refute, made use of so base a method to effect their overthrow, in order to promote ulterior objects. But it is upon these ulterior schemes that those who have written upon Cobden appear to lay far too great stress. Perhaps they have reason: at any rate they fail to remark upon the extraordinary means which Cobden used to bring about the regeneration of society. If any one can show that these means are moral ones, based as they are upon a succession of errors,¹ he must have a perception of morality differing very widely from that which many, and it is to be hoped most, possess to-day. Cobden, however, did not know the false nature of the prime arguments; and we do not convict Cobden of intentional political immorality. But they are known to-day; and therefore, to persist in their recognition as true and moral means of effecting sound reform, is to be taken in the belief that a gigantic system, such as

¹ *I.e.*, statements which you are conscious are false, but use as "truths" to gain the end-object. The manufacturers, on the authority of Cobden, believed that free trade would destroy agriculture. Yet they persisted in their free-trade policy.

Cobden dreamt of, can rest upon an insecure and false basis. One of the pillars of that system, the only one which has reached completion, has already given way from the strain that has been put upon it. But did Cobden do well in attempting to destroy the powerful position of the landowners? Were they not as justly entitled to their rent as is the capitalist who lets out his mill or money for others to use? They both require the wages of their capital. And when it comes to be known that the capital of the present day has been acquired by the means of free trade at the subsequent expense of the labouring classes; that Cobden saw the field open out to his gaze where plenty and occupation reigned predominant, but that he did not see far enough beyond: he did not see the contracted field where food was scarce, and *that* abundance which he said he had effected begin to fail, and *that* labour which was always to be occupied unemployed. When it comes to be known that the analysis of the free-trade movement shows indisputably that the profit of the manufacturer was the sole motive which impelled him to sacrifice for a time the interest of the landowner, and with the landowner that of the tenant-farmers, and with the tenant-farmers that of the agricultural labourers,—then calm and dispassionate people will begin to look into the nature of those other measures which are associated with free trade and Radical views. Thus shall we find that the free-traders in anticipation wooed the working classes of the following generation, lest the people might presumably be plundered by the landlords of the antecedent one. And further, that there are other sorts of property which can be acquired

by as questionable means as those which have been imputed by some who are their enemies to the proprietors of the soil. The Radical asserts that the land has been acquired by plundering those who had a natural right to it. But how will the free-trader and Radical account (on their hypothesis, that free trade is a good thing) for the capital acquired during the primary and prosperous period of free trade?¹ It is not our present object, however, to extend the nature of this interesting inquiry any further at this juncture.

What we propose to show is, that by effecting a free intercourse in corn, Cobden concluded that he had destroyed the source of the fluctuation in the price of corn. In that process the average price of corn would, as he acknowledged, be lowered. This would be to the farmer's disadvantage, and, by implication,² to the disadvantage also of the landlord. But against this disadvantage he set (1) the paramount benefit the labourer would derive from a steady and cheap price of bread, which had for consequence that labour would

¹ Free trade was only partly the cause of the so-called free-trade prosperity. Free trade induced some prosperity in one generation, and depression in the following. But the free-traders ascribe great powers to the free-trade principle. How did it act? By increasing the manufacturers' profits, and by cheapening the labourers' loaf. This was clearly the intention of Cobden and the manufacturers. What was the fact? Wages rose, bread remained nearly at the same average price till 1860, and profits were greatly enhanced. But the discovery of gold acted with increased demand to raise wages. Did labour get its due share?

² On this point Cobden was in error. A reduction in price of corn did not necessarily lead to a lower rent. Provided the same amount of wheat was grown, then with a low price of corn there would be a tendency to increase the prices of other agricultural products.

be by so much the cheaper as bread fell in value;¹ and (2) the stimulus which the foreign competition thus set up would supply to the farmer, by improving the amount of produce of the land, by compelling him to expend more capital upon its better cultivation.² The honest agitator thought that he was in reality acting in the interests of the tenant-farmers by abolishing the Corn Laws. He set himself up as the farmer's friend, and wished him God-speed in the ideal prosperous course which he had marked out for him.

It is impossible to suppose that Cobden ever intended to destroy in the slightest degree the agricultural prospects of his country. All his assertions go to prove that he was the more sincere and wiser advocate of the farmer's cause than were the landlords who made political capital out of him. Did he expect that one acre of land would go out of cultivation by the encroachments of the foreign corn-grower upon the home markets?³ Rather did he believe that the home-grown corn would be increased by the benign application of a mild but invigorating stimulus.⁴ We have consequently to compare the present circumstances of the home corn markets with those conditions which affected them in Cobden's times, and to inquire how the adverse state

¹ The labourers would have more money to expend upon manufactured produce.

² "There is no interest in this country which would receive so much benefit from the repeal of the Corn Laws as the farmer-tenant interest in this country."—P. 114, Cobden's Speeches.

³ P. 140: "I believe that the upholders of protection are pursuing the very course to throw land out of cultivation, and to make poor land unproductive."

⁴ P. 52: "All that is required to produce one-fourth more than they (the farmers) do now, is free trade in corn."

of our agriculture to-day has been brought about by Cobden's mistakes, and his want of foresight. Did he succeed in doing away with the fluctuation in the price of corn? Can any one consent to such a proposition when the price of corn in the home markets has gradually but surely been descending since the repeal of the Corn Laws?¹ He found a state of things which he thought to be injurious to the best interests of the nation,—to the manufacturing interests, in so far as they made labour dear by making bread dear; and to the agricultural interests, by hindering further improvements. To advance those interests, he succeeded in removing, it is true, those temporary fluctuations, the causes of which he misunderstood; but did he gain thereby a steady price to the consumer, and a remunerative one to the grower of corn? For that was his object,² as it was the object of Huskisson before him. Can this be affirmed of his policy? On the contrary, in the removal of one evil he sowed the seed of another. In the place of a minor evil we have another of far greater magnitude than the one destroyed, and one which we shall show was so from the evidence not only of Cobden, but also of those who advocate free trade, and yet are not blind to the

¹ During the first ten years the fall was only to the extent of 2s. the quarter. This is to be accounted for by the unexpected stimulation afforded our agriculture by the war in the Crimea. Afterwards, with no counteracting transient influence at work, the decline in price went down from 54s. to 28s. 10d.

² It was Cobden's intention that free trade in corn would effect a descent of price from 56s. to 50s., and would render the latter price permanent. Page 70: "Is this difference in price to throw land out of cultivation, annihilate rent, ruin the farmer, and pauperise the labourer?"

enormous importance of the agricultural industries of their country. Instead, then, of a constant price, we have a descending price. And what is the lowest limit of this, compatible with the maintenance of the national agriculture? It is said that wheat cannot be grown at a remunerative price to the farmer at a price less than 40s. a quarter or thereabouts. The contention of Cobden, who most probably derived his information from M'Culloch, was that the "natural" protection of transit to this country would raise the price of the wheat in the home markets from 36s., which was the average of a series of years, not very well chosen, at foreign ports, to 40s. Under such circumstances, and if the price was maintained at 40s. in the home markets, then, in very truth, the farmers would have nothing to fear from Cobden's proposal. Did Cobden, then, take away all protection from the farmer? By no means. Such a course would have been the very opposite of his intended policy. That policy consisted in changing what he took to be an *artificial* protection for a *natural* protection—the former was unnatural, the other bestowed by nature. His intention was clearly not to leave the home farmer completely at the mercy of his foreign competitor.¹ Something intervened to favour the home producer. The free-traders of to-day may not like this species of protection—their notions of what

¹ Besides this natural protection, another element prevailed with Cobden to effect a free trade in corn. It consisted in the circumstance that the whole amount of wheat capable of being exported from corn-growing States could not reach beyond two and a half million quarters at the utmost. It is obvious, however, that this is drawn from his experience of our occasional demands for corn. The reader will perceive that both these data have considerably varied.

free trade does and was intended to do may be different from Cobden's notions—but they are compelled to acknowledge that this natural protection was upheld by Cobden, their master.

We shall not here pursue the investigation of Cobden's relation to the Corn Laws. But it will at once seem to the reader that the original framers of that law proceeded exactly upon the same lines that Cobden did, and that the difference of effect consists merely in the different circumstances with which they had each of them respectively to deal.

Cobden, when he agitated the repeal of the Corn Law, proceeded upon the assumption, unfounded, that this law was the instrument by which the landlords were enabled to get high rents. But we can perceive now more clearly, since many conditions obscuring their true explanation have passed away, that the Corn Law was originally intended to act just like Cobden's "natural" protection. We make no reference to the statement that the Corn Laws were abused. We simply mention the principle upon which they were framed, and which referred to a state of things in which the farmers would not, under certain conditions, be able to supply all the wants of the country.¹ And it is strange that the more exact working of this principle was just beginning to be felt when Cobden introduced his system of free intercourse in corn. He was not averse to protection, as we have seen, when it was natural. He desired to see the agriculture of the country in a more flourishing condition. If the Corn Laws were—and it

¹ *E.g.*, where the harvests were either deficient in quality or reduced in quantity.

is only premised—unjustly used to further the exactions of the landlords, then what becomes of Cobden's law, which has been so altered from its original bearings that it now destroys the farming interest? This, no doubt, is the grand difficulty—to get a principle to work out the end which you design for it, and it is evident such an end cannot be attained all at once. This difficulty it was which prompted Sir Robert Peel's sliding-scale.

We may allude here to the remarks made by Mr Gladstone at the time, and adduced by Cobden to show some discrepancy between him and Sir Robert Peel on the effect of the sliding-scale in maintaining price. Mr Gladstone said (1844), "that the last Corn Law [of 1842] had been most successful in its operation, and he took great credit to the Government for the steadiness of price obtained under it."¹ Sir Robert asserted that you could not maintain prices by legislation. Where, then, was the error? In confusing the fundamental support which the Corn Law gave with those sudden variations caused by minor influences. But now the course of time, and changes in those conditions which Cobden regarded as permanent, have minimised the protection which he styled a natural protection; and why natural protection? *That* natural protection has come to be, from many circumstances, no protection at all. As you approximate the supply to the demand, as the foreign

¹ Quoted by Cobden in House of Commons, in speech of 13th March 1845. We draw the attention of the reader to the fact that the price of wheat, which had been greatly disturbed by the war with France, had been slowly but steadily declining since 1815, the year of the first Corn Law; and this took place in spite of the speculations of the corn merchants.

corn-growers extended and improved the cultivation of the soil, price was lowered, when they were sure of a market for their produce. Then, again, competition amongst the foreign exporters entered as another factor to reduce price. But finally, the cost of transit, by the increase of advantages which were gained from the possession of a constant market, became lower, and is now not a twentieth part of what Cobden expected it would always remain. Thus have the home farmers been robbed of the effect of that *natural* protection which Cobden left to them. Now, if Cobden had been aware of any such adverse working of his principle, would he have taken steps to counteract it? In our opinion the question is beyond doubt. And for this reason—that it was not Cobden's intention that his measure should throw land out of cultivation. If, then, as the case stands, Cobden allowed the efficacy of a natural protection, and if, as his sentiments upon the corn problem fully corroborate, he would have granted the corn-growers of the United Kingdom that just protection to which they are entitled, supposing they are to continue the agricultural industries of the country, then what objection can his successors bring forward against a due and proper protection to the home markets—a duty upon foreign corn, to indemnify them for that natural protection of which they have been robbed? Upon what ground do the free-traders of to-day oppose a duty upon corn in the face of such evidence, drawn entirely from Cobden's treatment of the question? Is it because this step would defer, perhaps throw aside, that free trade in land which still forms a part of the free-trade programme? Or is it because the free-

traders would become insignificant with the downfall of their policy ?

But prove as we may that the action of free trade has become quite contrary to what its original promoters intended it to be, it is only to be expected, and it follows from the frailty of our constitution, that free-traders will oppose such a duty upon corn to the very last. Introduce it, and their existence is rendered impossible. It must be left, therefore, to the collective judgment of the nation to determine whether free trade in corn is to continue, and the land to go completely out of cultivation, and the manufacturing labour market to be still further embarrassed than it at present is, by reason of the additional competition in it; or whether the land is to be cultivated under a due and proper protection, the manufacturing labour to be relieved of its unnatural distension, and manufacture herself to be stimulated by the demands of the agricultural labourer.¹ The nation must decide whether a small section of the community is to continue obtruding its views, to the detriment of society at large, just because their ideal views have not been accomplished, or because they have some more ideal views with which to experiment upon the progress of the people.

§ 8. Cheap bread and the object of the Manchester school.—To assist those who are capable of giving an impartial judgment on this vital question, we have

¹ This demand for manufactured goods on the part of the agricultural labourer was considered by Cobden to be a most important one. Improve his wages, and he will become a better customer. But free trade has destroyed what little custom he gave.

been impelled, from the certainty of the destructive character of our present system of free imports, carried on under the all-imposing name of free trade, to offer such evidence as we could derive from Cobden's own words. This evidence, though it may be startling to those who read it for the first time, is quite correct, and can be verified by reference to his many harangues upon free trade. It is the business of those who doubt it to detect the flaw. The question, as we understand it, is not whether a section of a party shall continue to exist, or whether a principle shall still reign; it is whether the nation shall recover from a decline in which, by a series of unfortunate phenomena,¹ none of which were apparently foreseen by the free-traders themselves, it has already entered.

If Cobden permitted a "natural" protection, what harm can there possibly be done to his practical system by yielding its equivalent now? To the unprejudiced, obviously there can be none, for there is nothing effected contrary to his intention. But the free-traders have their fascinating principle to defend. Admit the justice of the above inference, and they are bound to retreat from the field of discussion, if they cannot advance something other than a due and proper protection, in the place of a natural protection. Are they agreed that agriculture is to be maintained? Then what proposal do they make in order to accomplish their purpose?

- ¹ 1. The disappearance of Cobden's natural protection.
2. The capabilities of corn-growing States not only to meet our demands, but to depreciate the value of home-grown wheat.
3. Foreign competition in home manufacturing markets, which Cobden said he did not fear.

We have seen that Cobden destroyed the sources of that over-speculation which made so great havoc in the corn markets. But he never blames the corn merchants ; nor does he take into consideration the influence of the season in bringing that excessive speculation about. The high price of corn he laid at the door of the landlords, because high rents cause the price of corn to be high. Do the free-traders of to-day subscribe to this doctrine ? Will they continue to do so in the teeth of evidence, supplied by John Stuart Mill, the late Professor Jevons, and the late Professor Cairnes,¹ all of them ardent free-traders, but not one of whom, unfortunately for their cause, defined what was the action of their favourite principle ?

But if Cobden did not refer to the speculation of the corn merchants, neither did he refer to the speculative tendencies of the manufacturers. We mean in the sense of censuring them for being the direct cause of the periodic distresses of the country. Everybody knows how Cobden explained the over-production of the manufacturers and the consequent distension of the markets. It was because the seasons were unfavourable ; because bread was high, and therefore ability on the part of the labourers to purchase manufactured goods was diminished. With distended markets, too, labour being dear, there was no inducement on the part of the manufacturer to go on with production. Such is clearly to place manufacturing distress after agricul-

¹ The doctrine these distinguished economists advanced is that increase in rent follows increase in price. It is necessary to warn the readers of Cobden of the fundamental error he committed in ascribing high price to high rent.

tural distress in order of time, and associate them together as being cause and effect. Agricultural distress, it is true, may have had some influence in accounting for the depression of the home markets; but the fact that it was not the sole cause¹ of that depression is shown in the circumstance that manufacture was depressed while agriculture was in a flourishing state. These coexistences were also observed by Cobden. And he pictured the progress of our chief industries as being in perpetual antagonism, so that when the one prospered, the other was depressed. But he never mentioned the state of the money market as tending to induce those excessive speculations, which Sir Robert Peel adduced as the principal factor in the causation of the manufacturers' distress. So far as he was concerned, the latter had no faults; it is certain that he never alluded to them.

But if Cobden unwittingly destroyed the influence of speculation in the corn markets, without any doubt he increased it in the markets of the manufacturers. He might succeed in destroying the place in which self-interest was exerted, and sometimes exerted wildly and disastrously. But he could not destroy the motive. The motive of self-interest was diverted into the manufacturing markets, and exercised there a predominant sway. Capital, which would have been directed towards cultivating the soil, was gradually diverted to the promotion of manufacture. Hence arose that gigantic consumption

¹ Besides, its magnitude must be taken into consideration as well. Cobden tells us that the agricultural labourers expended on home manufactures but a million and a half. The reader is to suppose that cheap bread was demanded *only* to convert this into two millions.

of labour which characterised the manufacturing pursuits of the country between 1850 and 1866. Was speculation destroyed in the markets of the merchant? There is no need to fear speculation which concerns the actual existence of goods. But was over-speculation prohibited?¹ We call the evidence recently delivered before the Royal Commission to inquire into the Depression of Trade. The present depression is due to an overstocking of the markets, caused by over-production. There has been, therefore, some error in adjusting the amount of supply to demand. How was this overstocking brought about? In this way. The artificial demand created by free trade has gradually disappeared. That demand now is, in greater part, supplied by the foreigner himself. He has been stimulated to do so by the rapacity of the British manufacturer. But this artificial demand was the outcome of free trade. It certainly does not exist now, else there would be no depression of trade. Depression has been caused by the gradual disappearance of an artificial foreign demand.² But for the distress which existed during protection,—and let the reader remember how much and how severe any depression of our markets could be so long as our exports went on advancing—let him compare it with the present depression, in which our exports

¹ Protection, Cobden averred, if it caused prosperity, caused a fictitious prosperity. We exported goods; but these goods were not immediately paid for. Now free trade was to create a real prosperity. We were to buy our corn and other imports with the produce of our manufacture. Do we, as matter of fact?

² And also by the former home demand for manufactured goods on the part of the agricultural labourers, now very considerably reduced in numbers.

have been stationary practically for the last ten years,—Cobden blamed not only the landlords, who kept up a high price of bread, but also the farmers, who did not spend enough capital upon their farms, and therefore did not produce enough to satisfy the wants of the country. Is it difficult to be convinced, from what has been adduced, that he blamed entirely the wrong cause, and to perceive that the corn merchants were alone to blame, if blame was to be bestowed upon the authors of excessive prices ? What would Cobden blame to-day as the cause of the present decline ? What do the free-traders bring forward as a cause ? It is over-production, they say. Then whose fault is it that such a phenomenon should appear ? It must be the merchant's fault. For it is evident that agriculture cannot be blamed ; nor yet the money market, since the circulation has been reduced to a metallic one. But why did he over-produce ? Because his expectation led him to believe that he would still be able to find a market for his goods. Upon what was that expectation based ? Upon the evidence which the assumed prosperous period of free trade in this country afforded him. Now, what is to blame for such a disappointment of expectation ? Is there any other cause than an unequal free trade ? But the free-traders retort, "Our trade under protection had the faculty of recovering from these paroxysmal depressions from which it suffered periodically. Now, when we introduced free trade, what we really did was to unfetter the industries of the country. Our legislation was framed to advance, not to retard. If, therefore, our industries recovered from depression under protection, what is there to prevent them from

recovering equally under free trade?" The answer, we think, is simple. We could predict, during the period of protection, because we had certain experience to go upon. But in the case of free trade we had yet to learn from experience. Besides, there are very many different circumstances existing now to what obtained then. Is it logical to infer that because depression was remediable under protection, that it is also remediable under free trade? Does not such a conclusion assume the very point which is under discussion—the nature of the present depression? But there is no difference, it appears, between the method employed by Cobden and that held by his successors; a method which consists in the practice of analogous reasoning, when there is not the least foundation for the assumed analogy. If the free-trader asserts that the present depression is like those which happened under free trade, he is bound to show it. We assert that the various surrounding conditions in the two instances of depression compared are entirely different. How, then, can you infer from one to the other? But if the free-trader desires to be reminded of some of those differences to which we have alluded in surrounding conditions, then we will refer him to the continuous investments of capital in this country under protection. Capital was then applied for the purpose of the advancement of the labour interests of the people, because it was sure of reaping an adequate reward. But nowadays capital is driven away from the country, because there is less security for its occupation than abroad. In other words, the outlook of the progress of all our industries, without exception, is dark under free trade; there is no bright star

shining ahead, whose appearance Sir Robert Peel so often predicted; while under protection past experience showed there was no cause for alarm, and, in spite of the depression, capitalists only awaited a favourable opportunity to embark again in their trades. What does our experience under free trade teach us ? That our export trade has become stationary. Did it ever become stationary under protection, no matter how long and severe were the periods of depression ? But no comparison can be drawn between the period of depression under free trade and any one occurring during the course of protection. Protective distress may have been sharp, but it was never as prolonged as the period of free-trade depression. Besides, the revival of trade under protection was associated with its general advancement. Take the revival of trade in 1881; compare it with the greatest prosperity we experienced under free trade while it continued prosperous. And what will you discover as the result of that comparison ? That, although our export trade, and our trade as a whole, was greater than in the few previous years, yet it did not reach the remarkable level of 1873. Now, what is there to be learnt from this ? That even when we experience a revival, yet that the whole bulk of our trade is on the wane. It is pursuing that downward path which we have pictured in another place¹ with fluctuations of minor degrees of prosperity, but the last of which, we make bold to predict, will never reach the level of the one that preceded it.

It is this anticipation, founded upon what we have

¹ Free Trade : An Inquiry into the Nature of its Operation, p. 225.
Published by Messrs Blackwood & Sons. Edinburgh : 1887.

shown to be the direct and unopposed action of an unequal free trade, as contrasted with its evanescent and indirect¹ action, which leads those who allow the accuracy of our facts, and acquiesce in their arrangement, to oppose the continuation of a system of free imports, as destructive to the best interests of the nation.

¹ With the introduction of free trade, and cheap bread looming in the future, the manufacturers increased their produce, in order to swamp foreign markets. Was this "increased production" founded on an economical basis? No. This "increased production" we therefore ascribe to the moral influence of the principle of free trade.

There can scarce be a doubt, we think, that the single object of the Manchester school was to make British manufacture supreme. It has failed to do this; and, in the attempt, has succeeded in destroying agriculture.

CHAPTER IV.

COBDEN AND BRITISH AGRICULTURE.

"There never can be prosperity in any country while all the numerous cultivators of the soil are permanently depressed and injured."¹

"When once there comes that spirit over the minds of men,—a spirit which repudiates party, which seeks not to gain advantage *here* by the spoliation of somebody *there*, but a spirit which wishes the truth to be fully discovered and recognised,—the time will be at hand when the cultivators of the soil shall no longer be made the shuttle-cock of political parties."²

"I am deeply interested in the prosperity of agriculture."

—JOHN BRIGHT.

COBDEN'S ONE-SIDED ARGUMENTS—HIS OPINION OF THE PROGRESS OF AGRICULTURE, BASED UPON WHAT HE BELIEVED WOULD HAPPEN, BUT HIS PREDICTIONS NOT BORNE OUT BY EXPERIENCE—ATTITUDE TO LANDED PROPRIETORS WHO STOOD IN HIS WAY—HIS DATA FOR DETERMINING FUTURE PRICES UNSOUND AND INSUFFICIENT.

§ 9. *Cobden as an advocate; one-sided arguments.*—Free trade was openly promulgated by Cobden and his associates to remove the distress arising from a scarcity of corn. Such distress resulted from the insufficiency of the home crops ensuing upon bad seasons. But this free trade in corn was not in the slightest degree to

¹ Speech delivered in House of Commons, April 11, 1851.

² P. 444 of Professor Thorold Rogers's edition of Right Hon. John Bright's Speeches. (This sentiment bears strongly upon the position of our Army and Navy at the present day.)

exert any prejudicial influence upon the national agriculture. And it is certain that, towards the end of the free-trade agitation, Cobden, in his usual incomplete fashion, proved—he asserted the proof was conclusive—that instead of being depressed by free trade, the farming prospects of the country would be raised to a height never known before.¹ It was to place the people outside the influence of a “natural” cause over which there was no human control.

At first the new policy created considerable alarm. And such was the confusion of opinions, that the majority of the original promoters of free trade believed that it would destroy agriculture. It was not until Cobden—the farmer’s friend²—showed how competition would stimulate the production of wheat, that some of the farmers began to be converted, and the manufacturers to be satisfied. This assumed fact, that our agriculture was not to suffer, proved one of the essential props of his complicated policy—complicated in the inevitable alterations which it induced in every branch of internal and external trade. And it was a prop which admitted of fascinating illustrations. To appeal to the eye by telling the labouring multitude that it was in their power to buy a larger loaf for a less price than that which they were in the habit of giving for a small one, may be looked upon as a rhetorical success. But in order to give the illustration stability and effect, it was his duty to

¹ P. 114: “We should be an exporting country, if we only grew as much as we may grow.”

² P. 93: “If there has been one individual who has more consistently stood up for farmers’ interests and rights than another, I am the man.”

tell his audience that the present he was making them would be a solid and permanent one. And further, as he always addressed himself to an intelligent audience, it seems to us that it was almost requisite for him to have detailed the nature of the process which enabled him to confer so lasting a benefit upon the labouring classes. Let us always bear in mind that Cobden's free trade was to remove the source of distress which was caused by occasional scarcity of corn.

But it did not suffice to dilate upon the happy results accruing from a free intercourse in corn. He might have been content with a mere reference to the distressed state of the nation under protection, and have referred to the circumstance that, in spite of periodic attacks of commercial depression, the rate of profits still continued to be high. He might simply have proved to the nation that the state of affairs which he contemplated would be far better than the actual state in which he was then living. In short, that protection might be good, but that free trade was better. But his combative disposition precluded this more sober course. Protection was a bad thing for the country: it was the sole cause of all the evils of the nation. Free trade was the regenerator. And thus, denouncing the system of protection as having no good effects (he said "all protection was bad"¹ —of course, he did not include "natural" protection)

¹ "All protection was bad"; "protection is destructive to agriculture".

¹ —Pp. 61 and 87.

² *S.* "I do not ask for a law to enhance the profits of my business." ³ P. 442, says that the profits of manufacture will be enlarged of our Army and

—as, in fact, working positive harm to the country ; as, further, the protective system was associated in his scheme with the tyranny of the landlords,—we need not be surprised to hear that the association of protection and starvation became a very early means of touching the susceptibilities of what Cobden was fond of calling an intelligent assembly. But Cobden gained his point by the power of persuasion. And it seems the intellect of his followers could not have been greatly exercised. We suppose that Cobden assimilated a new meaning to the term which is capable of so much abuse,—the intelligence of the country,¹—and that he strictly applied to all those who were disposed to agree with him. For if you read of Cobden's treatment of his opponents, you will find that he offered them little courtesy, and no respect. He "candidly confessed he felt the most supreme contempt for all they said." What especial reasons there may have been for such conduct, which certainly does not reflect highly upon the beauty of his character, we care not to inquire. We are disposed to infer from these extremes of conduct, the disposition of a passionate, and therefore dangerous, man. The present age will not believe, though Cobden tells us so, that all his followers were intelligent. But we would have believed him had he told us that a particular section of them, and that section which gave him pecuniary support in his political campaign, were pursuing, under the cloak of Cobden's patriotism, a

¹ But the "intelligence of the country" is very liable to fluctuate. We have lately had an instance of it in the development of Home Rule by Mr Gladstone.

very selfish policy.¹ Nor do we believe, though Cobden rated them as such, that all his opponents were the ignorant and selfish creatures he misrepresented them to be.²

In thus evincing a partiality which all will agree is unphilosophical, and many regard as unjust, he rendered himself prone, as all prejudiced men do, to serious error. It would be of small moment did the errors of such men end with their own discomfort; but they become serious indeed when their consequences reach the comforts of those for whose wellbeing reform was originally effected. We do not think that Cobden was calm enough or sober enough in his view of men and things. He was too attached to his own ulterior projects. He called them dreams.³ But the objects which were present to his imagination matter little to this or any succeeding age. What we are concerned

¹ Cf., "We do not wish to sacrifice any right of the richest or most powerful class, but we are resolved that that class shall not sacrifice the rights of a whole people."—JOHN BRIGHT.

On what grounds, we ask, did the Manchester school sacrifice agriculture? Compare the precept with the example.

² "I will teach them the A B C of this protection. It is of no use trying to teach children words of five syllables when they have not got out of the alphabet."—P. 183.

³ P. 187: "But I have been accused of looking too much to material interests. Nevertheless, I can say that I have taken as large and great a view of the effects of this mighty principle as ever did any man who dreamt over it in his own study. I see in the free-trade principle that which shall act on the moral world as the principle of gravitation in the universe, drawing men together, thrusting aside the antagonism of race, creed, and language, and uniting us in the bonds of eternal peace. I have looked even farther. I have speculated and probably dreamt in the 'dim' future on what the effect of the triumph of this principle was, say a thousand years hence." Perhaps so. But will it actually occur within this moderate interval of time?

with is the certainty and security of the means he adopted to effect his ends. If these fail, it is clear the ends become of small importance. *We* think many will be inclined to blame, not the sincerity of the man, but his unhappy temperament, which urged him headlong in a wild commercial career. *We* think, too, that most people judge those to be best qualified for the art of governing the various disorders which occur in the progress of our commerce and society, who are gifted with a disposition enabling them to take just, because rational, views.¹ In order to this, it is necessary to regard each difficulty from the two sides of those who have a grievance and those from whom the grievance is supposed to flow, and every opinion concerning its removal in the same way; or, if you like it better, to take the egoistic and altruistic views of principles advanced to adjust commercial and social wrongs.

Now the altruistic views of his reforms Cobden did not efficiently regard. He glanced at them merely. He was, on this account, most unfitted to undertake the conduct of great affairs.² But he succeeded! There are many elements needed to become successful. Cobden was earnest and enthusiastic; he could generate

¹ The evidence, to be derived from a study of Cobden's speeches, that he pleaded the cause of free trade, and that he did not sit in judgment on it, is overwhelming.

² And yet there are still some who think that the treaty with France (1860) was a great masterpiece. See Professor Thorold Rogers in 'Cobden and Political Opinion,' chap. ix. The existence of a treaty precludes the existence of free trade. Therefore, one or the other, or both parties to it, must be more or less protected. It seems the eye of the free-trader is not large enough to see that all the protection is on the side of the French people.

that enthusiasm in the breasts of others which he felt in his own. Nor did he hesitate to abuse ; and thus he used the lowest means to succeed. But, besides all these, he could persuade. We think that it cannot but be seen now that the intelligence of the main body of his followers was deceived. Cobden first deceived himself ; his dangerous faculty rendered it an easy task for him to involve and continue others in error.

§ 10. Cobden and the future price of corn : “protection and starvation.”—This was his appeal to the mob. It was by this means that he raised up passion in the multitude, and then directed their angry eyes, when judgment was obscured, to look upon protection as the cause of their distress. It was a loathsome thing, this protection ; and it must be trampled under foot. But the great landed proprietors stood in the way. They must be sacrificed ; the Napoleon of commerce decreed it. And so we read of his insults to the aristocracy, whose only object, he declared, was to grind down the people’s wages to the lowest limits of subsistence. It was the landlords who hindered the agricultural labourer from advancing in the scale of civilisation.

Such reasoning was, of course, the intellectual produce of a hot-headed partisan. *We* presume, if *we* may venture to do so, seeing that he has been described as a well-read man,¹ that Cobden was aware, from its description in the ‘History of Prices’ by Tooke, of the extreme distress

¹ Professor Thorold Rogers. Cobden knew very well how to select his arguments. Instead of giving all the evidence necessary to lead to a sound conclusion, he gives just enough to establish his biased view.

which prevailed throughout France in the year 1839. This was due to the scarcity of corn from unfavourable harvests. Unfortunately, too, this country was at that time suffering from distress. We had a Corn Law; the Frenchman had not. And yet Cobden thought himself justified in attributing all our distress to the Corn Law. Was this logical? Can you with propriety infer, when there are many causes of distress in existence, that only one prevails, unless you adduce special grounds¹ for the exceptional case? But the protectionist might argue from the fact that distress prevailed in France, without any Corn Law, that the Corn Law was not the cause of distress in England. He might adduce the opinion that the Corn Law was required to prevent the country from being swamped with foreign corn. And he might, too, bring the weighty authority of Huskisson to his support. The protectionist states that you may have distress from scarcity without a Corn Law. If, therefore, protection be a cause of scarcity, how does it act?² Obviously, the Corn Law only obtruded itself upon the notice of the agitator during bad seasons. During these bad seasons, the supply of corn from

¹ It was Cobden's contention, that by reducing the price of corn, the prosperity of manufacture would be assured. But had not manufacture prospered under the Corn Law. Add the years of prosperity, and compare them with the years of distress; the prosperous years will be found to be far more numerous than adverse ones. A point to remember also, is, that during protective distress, the rate of profit did not decline.

² The free-trader replies, protection fetters trade. But does not also free trade put fetters on our industries? Take agriculture. Thus you will perceive that the so-called fetters have not in reality been destroyed by free trade; and that they have only had their position altered by it.

foreign parts might be inadequate to meet the demands of the country. Can you prove that they were then inadequate to the assumed requisite demands? There is only Cobden's statement of the impossibility of adequate supplies, and many of his statements affecting the corn question were certainly not the most reliable. But it was only at certain times that this possibility of an alarming scarcity was likely to become an actual fact. Here, however, we may remind the reader that Cobden, who, we have already mentioned, most probably derived his information from M'Culloch, failed to hit upon the exact state of the corn-growing countries of the Continent from a perusal of the 'Commercial Dictionary.' It is possible he may have overlooked the passage; but Professor Rogers asserts that his experience was "world-wide," and his memory very retentive. But here it is, nevertheless. And you will see that attention to these passages, which we are about to quote, would have rendered unnecessary that vicious tampering with the progress of our agriculture which subsequently was effected. It is a direct denial, and out of his own mouth, to what M'Culloch says on another occasion, when he is treating the corn question from the free import point of view.¹ He proved conclusively in one place that any large quantity of wheat could not be brought into this country under 50s. a quarter; and he states the circumstances which intervened to prevent an excessive supply. Thus, from Odessa, it was the difficulty of conveying corn from the interior; for as this was done by means of cattle, the quantity was limited by the number of cattle. From Danzig

¹ See his pamphlet on the Corn Laws.

he relied upon past experience to conclude that the largest quantity imported in the near future would not exceed 200,000 quarters.¹ And he limits the total possible supply of grain to this country from all sources at about one million and a half quarters. But before we quote the passage which gives a direct denial to what had first been written, let us invite attention to the amount of wheat imported into this country during certain years.

In 1830 there were imported		1,494,898	quarters.
" 1833	"	1,144	"
" 1835	"	48	"
" 1837	"	232,620	"
" 1839	"	2,500,045	"

Here there is evidence enough that foreign countries could supply all those demands² of wheat which this country made upon them. It is true they were fitful demands, and oftentimes sudden demands. But never, so far as we have read, has there been an actual scarcity, for any serious length of time, in England.³ What this country required it could always obtain; and if the demand were sudden, then there was sufficient wheat hoarded in the granaries of corn-growing countries, ready

¹ No mention is made of the development of additional capabilities, *under new conditions*.

² But to get out of this difficulty Cobden asserted the people were not properly fed.

³ Opponents may draw attention to the Bread riots. It is difficult for us to decide as to the exact value of those riots as signs of real distress. There are always some disaffected persons ready to take advantage of temporary distress to promote their own ends. They are to be found among the idle portion of the community. The curious point however, is, that the Chartists did not want any alteration of the Corn Law.

at any time to be thrown into our markets. Now it was this factor which tended to prevent a dearth. But what does Cobden say of the capacity of foreign corn countries to supply our markets? We give his own words, pp. 152, 153: "Now there is the profoundest philosophy presented in all the charms of poetic language.¹ But I like to go to experience; I never like to deal in the future, or to argue on what will happen; but let us take the lights of experience to guide us in our paths for the future. We have had occasions in this country, when we have had as sudden a demand for corn all over the world for this country, as though we had a total and immediate repeal of the Corn Laws. In 1839, 1840, and 1841, during all these three years, the average price of corn in this country was 67s. We ransacked the world for corn during these three years; our merchants sent everywhere for it; we swept over the face of the earth, bribing every nation to send their corn to this rich market, and gain this high price for their produce. I will give you a list of places from which we received corn in one year during that period: from Russia, Sweden, Norway, Denmark, Prussia, Germany, Holland, Belgium, France, Portugal, Spain, Gibraltar, Italy, Malta, Ionian Islands, Turkey, Egypt, Tripoli, Tunis, Algiers, Morocco, Cape of Good Hope, Mauritius, East India Company's territory, Australia, Canada, United States, Chili, and Peru. Every region on the face of the globe—Europe, Asia, Africa, America, and even Australia — was ransacked for

¹ Referring to a passage which he had just quoted from the 'Times,' containing, "But rivers of corn are as pure and impossible a fiction as rivers of gold!"

corn. How much do you think we got in the course of that year,—bribing the nations of the earth with the high price of 67s. a quarter? In 1839, we received in wheat and flour together, equivalent to 2,875,605 quarters—about one-eighth of the annual consumption of the wheat of this country. In 1840, when we had given them a year's stimulus, the imports were 2,432,769 quarters of corn. In 1841, 2,783,602 quarters. During those three years we imported 8,091,972 quarters, being an average each year of 2,700,000 quarters. Now, mark me, that corn was sent out for by our merchants with a knowledge that the price in this country for corn was nearly 70s. a quarter, and was brought here with the belief and under the conviction that every quarter of it would be admitted into this country under a 1s. duty. There was, therefore, during these three years virtually a total and immediate repeal of the Corn Laws; and you see the result in the supply for this market."

And now, in reply, to enlighten those who perhaps may think that all the various facts relating to the corn problem were properly set forth by the repealers during the free-trade agitation, we quote the passage to which we alluded above. It is on page 432 of M'Culloch's 'Dictionary of Commerce and Commercial Navigation.' "The wheat shipped at Odessa is principally brought from Volhynia and the Polish provinces to the south of Cracow, the supplies from which are susceptible of an indefinite increase."¹ Was there sufficient ground,

¹ The inconsistency alluded to was pointed out by an author who signed himself F. C., and who criticised M'Culloch's pamphlet on the Corn Laws in an able *brochure*, published by W. E. Painter, Strand,

then, for those who argued that an alteration in the circumstances relating to the importation of corn would be associated with injury to the home producers? Was Huskisson's scare needed to prevent the country from being swamped with foreign corn? But all the possibilities hanging upon this view of the question were utterly neglected. It was futile—so the free-traders said, and it was by so false an argument that they persuaded many of the tenant-farmers of the kingdom—to suppose that any serious amount of wheat could be imported into the country. Why? Because the annual average of past experience, extending over a period of three years, was a little more than two and a half million quarters.¹ It has been truly remarked of the repealers, "that they thought the rest of the world, including the corn-growing States, would stand still, while they alone progressed."² If such were the real dangers to be apprehended, and they were not nugatory ones, it is clear that, if the repealers were alive to them, then they must

in 1841. The confusion of the times is here strikingly illustrated in M'Culloch's forced change of front. He was first an able supporter of the Corn Law, but in face of the formidable free-trade agitation he judged it "expedient" to arrive at a compromise.

¹ But if Cobden had taken an experience extending over a wider range, between 1828 and 1840, he would have found that the average imports were but a little more than one million quarters. Cobden said he liked to go to experience. But what experience had he had of free trade? Absolutely none. It suited, however, his purpose to inform the nation that with a "virtual" repeal so harmless—an exaggerated description of a free trade under protection—they need not be alarmed at a real repeal, and that, too, a sudden and total one. "I never like to deal in the future," &c., said Cobden. Yet he "dreamt" of the benefits to accrue from free trade, p. 187.

² *Essay on Free Trade*, published by Ridgway, Piccadilly, 1841, and signed F. C.

have been certain of a much larger gain to meet this possible loss. For the risk would not have been undertaken unless there were the corresponding rewards. But, as we have already stated, our belief is that Cobden erred in not grasping the whole of the subject ; in not attending to each factor in all its existing and possible bearings ; in not regarding sufficiently the remote as well as the immediate consequences of a free trade in corn. We believe that Cobden, when he pleaded for the interests of manufacturers, was under a profound impression of advancing the true interests of the nation. It was impossible, on his own authority, that he should legislate for a class. "We will have no war of classes in this country," said he ; and when voting for the repeal of the malt-tax, he added that he did not take that position out of any affection for the farmers.¹ And in the increased activity which the English people would experience from a policy of free trade, he believed that all other nations would be roused into the same activity by the same means ; and that the more intimate communion between nations thus effected would redound to the benefit of the world. For he predicted ² that

¹ P. 204 : "If he did, he would follow the error of the protectionists by attempting to legislate for a particular class."

² P. 85 : "I believe that if you abolish the Corn Laws honestly, there will not be a tariff in Europe that will not be changed in less than five years to follow your example."

P. 201 : "I believe there is no event that has ever happened in the world's history, that in a moral and social point of view there is no human event that has happened in the world, more calculated to promote the enduring interests of humanity than the establishment of the principle of free trade,—I don't mean in a pecuniary point of view, or as a principle applied to England ; but we have a principle established now which is eternal in its truth and universal in its application, and must be applied in all nations and throughout all times, and

not five years would elapse, after the repeal of the Corn Laws, before other nations would follow in our suit. How far Cobden's anticipations have been realised, has been left for the present generation to determine. And it is possible, nowadays, seeing that free-trade enthusiasm is already on the wane, to analyse, without fear of being thought insane, the extraordinary errors of a great man, and to learn how they led him insidiously into a trade policy which was assumed (and in some way was) successful at first, but which was sure to be destructive after the beneficial stimulation of other forces had disappeared.

applied not simply to commerce, but to every item of the tariffs of the world ; and if we are not mistaken in thinking that our principles are true, be assured that those results will follow, and at no very distant period.

CHAPTER V.

THE *DIRECT* EFFECTS OF FREE TRADE ON AGRICULTURE,
REMOTE EFFECTS UPON LABOUR GENERALLY.

“Was there ever successful impostor who did not commence by a fraud on his own understanding?”—Lord LYTTON.

THE FREE-TRADE ELEMENTS TO DETERMINE A “STEADY AND FIXED” PRICE OF CORN HAVE VERY CONSIDERABLY VARIED—“FREE TRADE AND ABUNDANCE,” SO LONG AS WE ARE ABLE TO PURCHASE SUPPLIES FROM ABROAD—HUSKISSON AND THE CORN LAW: “I AM NOT ONE OF THOSE WHO WISH TO LESSEN THE RANK WHICH THE AGRICULTURISTS HOLD IN THIS COUNTRY”—RISE IN PRICES DUE TO CORN SPECULATION—COBDEN ASSERTED FARMERS SOLD THEIR CORN AT THE LOWEST, THAT THE CORN SPECULATOR SOLD AT THE HIGHEST PRICES—COBDEN ALSO STATED THAT CORN LAW RUINED THE CORN SPECULATORS!—THE MACHINERY BY WHICH PRICE OF CORN WAS REGULATED HAD ITS DEFECTS—THE BEST PART OF THE LAW WAS BLAMED FOR THE DEFICIENCIES OF THE WORST—FREE TRADE AND STARVATION—THE DISPLACEMENT OF LABOUR—THE LOGICAL CONCLUSION OF FREE TRADE DRIVING CAPITAL FROM LESS TO MORE REMUNERATIVE CHANNELS — THE FREE-TRADERS STAND UPON HYPOTHETICAL POSITIONS OF THEIR OWN CONSTRUCTION — THEIR AIM WAS TO FORCE THE WORLD’S COMMERCE TO ASSUME THOSE POSITIONS—ALL OTHER NATIONS NOT FREE-TRADERS !

§ 11. *Cobden's factors for the future price of corn.*—To remove the especial cause of scarcity—a hypothetical scarcity—and to ensure an abundance of cheap food, were the objects of a free intercourse in corn. Thus

the fitful character of the country's demand for a supply of the chief necessary of life was destroyed. Occasional demands became permanent ones, and with the permanency in the demand for corn by a free-trade nation, a new field was opened up to foreign corn-growing States.

Nobody will dispute the tendency of the foreigner to increase his productions when he has a market which will freely admit them. But this tendency of course has its limits, and those limits are—(1) the lowest price at which corn can be grown at a profit in corn-growing countries ; and (2), increase of corn-land under cultivation from accession of capital to foreign agriculture. Now it seems the Corn-Law repealers deduced the single limit, which they applied to this tendency, from past experience of the quantity of imported corn. Does it occur to the reader that such was a safe treatment of the issue in point ? If there be any doubt, it will at once be dissipated when this factor is brought out clearly into the foreground—the circumstance that the conditions affecting the foreign supply were not the same *after* as they were *before* the abolition of the Corn Laws.¹ If the conditions were to remain the same, then the free-traders would have been justified in drawing those inferences and that conclusion which they drew before 1845. But though the form of their argument is correct, its substance is unsound in so far as the major premiss is concerned. They assumed that a free trade in corn would make up the deficiency arising from bad

¹ Cobden argued as if they would continue the same. To strengthen his conclusion, he states there was a virtual repeal during 1839-41. There was, however, no ground for such a procedure.

seasons. Only "let the foreigner see what the English market is in its natural state, and then they will be able to judge from year to year and from season to season what will be the future demand of this country for foreign corn."¹ Thus they argued that it was the reverse of likely to expect the country being swamped with foreign corn. "Point out the places where the corn is to grow," they exclaimed; and then consider the expense of conveying it to our ports. It was on this ground—viz., that the home corn market would not be depressed by competition²—that they gained an easy victory over their opponents. But in all questions affecting mutable factors, to take a "present" view does not suffice. It is requisite, if you do not wish to court disaster, to contemplate what will happen as the future consequences of alterations. We instance the very extensive changes that have taken place, nor have they ceased to take place, in the conditions affecting the home corn markets. "Valleys of corn" have sprung up, and that, too, in spite of the ridicule which Cobden threw upon the suggestion. The price of corn abroad has constantly descended, though Cobden promised the tenant-farmers that it would not fluctuate to their disadvantage.³ And the explanation is very simple. The

¹ P. 185. Such could only occur if prices were regulated by the home market.

² The reader will remember that competition was to stimulate the home corn markets, and enable the British farmer to grow one-fourth more. It was also to make England a corn-exporting country. He will also remember that Cobden denounced protection as being the cause of agricultural depression.

³ Cobden anticipated a descent of price to the extent of 6s.—from 56s. to 50s. This conclusion he drew from considering England and Jersey as parallel cases—*vide* p. 72. But the prospect of feeding a

fertility of foreign soils was quite ignored, and the extent of their cultivation was left out of the account—in short, we assert that Cobden only looked to Europe for our supply of corn.¹ Now, as the facilities for the production of foreign wheat were increased—as, in the words of the free-traders, restrictions were removed—what was bound to happen? Increased production. Do the free-traders deny this? But increased production was associated, in the case of the foreign corn-grower, with profit. This, too, will not be denied. And the accumulation of profits means capital. The capital of the foreign corn-growers thus increased, and was employed in the extension of the cultivation of the soil. The amount of wheat, therefore, produced by foreign countries gradually increased. It depended upon the lowest cost of foreign production whether or not the foreign grower would be able to displace the home producer out of his own market. Even supposing the cost of transit to remain the same, if, by expending more capital upon his farms, the foreign grower could thereby improve the quantity of produce at the same time that he reduced the amount of labour bestowed upon it—just those very consequences of which Cobden intended the British farmer should reap the benefit²—then the richer State affords a greater intensity of impulse on the part of the foreigner for the desire of profit, and leads him to greater exertions.

¹ Compare Speeches, p. 21, where the Anti-Corn-Law League had been presented with a quantity of wheat; but, said Cobden, after all expenses had been paid, the cost of conveyance being so great, no profit was left. It was, therefore, an unremunerative gift.

² Cobden laid down the principle that what the British farmers wanted was more capital. Free trade was to compel more capital and more labour to the cultivation of the soil. But though a small amount of capital may be wasted in an assumed improvement, yet it is an

foreign grower would possess at least one, and a very important, means of lowering prices. Let us compare the advantages which Cobden's policy had respectively upon the home and foreign grower. He was imbued with the idea that the British farmer did not produce enough ; that he did not spend sufficient capital upon his farm, nor employ enough labour. He must be stimulated to better things. What was to be the stimulus ? Foreign competition. Now it was being under the impression that this stimulus supplied by foreign competition would always remain about the same in intensity, and that very moderate, which impelled Cobden to advocate a free intercourse in corn. But by what authority, upon what grounds, did he make so perilous a conclusion ? Simply upon past experience, without any particular reference to what would happen in the future, *if adverse changes took place.*

But this was not the only factor which, it was predicted by the protectionists, would undergo that change which is part now of our present experience. Upon what grounds was the cost of transit placed at 10s. a quarter from Danzig, the port whence the free-traders anticipated would be obtained the greater part of our supply ?¹ Did they consider that improvements

economic fact that capital in large quantity will not be applied unless profits are remunerative. The political economists assert, in opposition to Cobden, that you can only increase the extent of corn-land by first of all raising the price of corn, and so directing "capital" into the farmer's hands. Cf. Cobden, p. 135.

¹ P. 72 of Cobden's Speeches. This question is asked, because there appears to be evidence pointing to the conclusion that wheat could be imported from Danzig with profit, at the low cost of 3s. 6d. per quarter.—See Calvert Holland's answer to M'Culloch, in a pamphlet published by Ollivier, Pall Mall, in 1841.

in the means of transit would be effected—improvements leading to a reduction of the cost? If we were to have abundance, that assuredly implies larger imports. There would, consequently, be an increased stimulus to shipping activity; with that increased activity, the competition of the carriers would tend to lower the cost of conveyance. And thus another factor appeared (which was but a tendency in Cobden's days; but it seems tendencies were utterly ignored) to render the "just" stimulation of the British farmer from the reformer's point of view, an "unjust" stimulation from the point of view of agricultural prosperity. We put it to the reader whether or not either of these factors would not be sufficient to paralyse the efforts of the home producer. Can he produce at a profit to himself, when the difference between the price of wheat at Chicago and London does not admit of a profit being made? If, then, either of these forces produce a paralysis, their combined influence must certainly effect his destruction.

§ 12. *Cobden's relation to the abundance which followed free imports of corn.*—Cobden promised his countrymen abundance; at the same time he asserted that we could not possibly derive from a free intercourse more than two million and a half quarters during the year.¹ Such a quantity would not have supported the population at the time he spoke for forty days! It is not desirable in so grave a subject to appear to be captious; but it

¹ P. 152. "We swept over the face of the earth, bribing every nation to send their corn to this rich market, and gain this high price—67s. the quarter—for their produce." In 1840 the result was 2,700,000 qrs.

certainly seems as if Cobden's idea of abundance is different from the ordinary acceptation of the term. Does it refer to ought else than quantity? Then a free trade in corn could not give us abundance, because Cobden tells us most emphatically that the world could not supply us with it.¹ Did Cobden, by a process peculiar to himself, include the element of price in his idea of the word "abundance"? So that it may be said when an article is cheaper, you can buy more of it for the same price.² Now where, on Cobden's own showing, is the additional quantity to come from? From our farmers' increased exertions! But Cobden more than once stated that his prime object was not to cause a mere cheapness, rather was it to afford abundance of the necessaries of life to the toiling multitude. Thus does it appear that Cobden adapted his arguments to the especial occasion for which they were severally designed. He believed in the soundness of free trade; he predicted other nations would become free-traders within five years, if we originated the policy. And

¹ We refer to the passage in which Cobden ransacked the world for corn.

² There is some inconsistency regarding this point in Cobden's speeches. Advocating the manufacturing labourers' distress, he states that they will, by a free trade in corn, be enabled to spend less upon bread and more upon manufactured goods. Instead of spending 2s. 6d. a-week upon bread, the labourer will spend but 1s. Cobden does not say the labourer was to have more bread, but only that its price was to be reduced. On this occasion he was arguing out the causes of high prices, and showing how they depressed manufacture. But when, in 1844, he was pleading for agricultural distress, observe the change of front. It was not cheapness merely, but plenty; nay, he did not desire to depress prices. And as the immediate result of a free trade in corn, he stated that it was his belief that the price of corn would have a tendency to rise instead of falling, p. 184.

thus do we discover how Cobden varied the "means" to attain his "end."

This we are constrained to mention, in order to show that just as Cobden was not comprehensive enough in the management of his arguments (he was comprehensive enough for the object which he had in view), so was he not nice enough in the definition of his terms. It may also be pointed out, that in his abnormal treatment of words arose much obscurity. For it is evident that when he tells you that you are to have abundance, and in the same breath that that abundance does not exist, there must be some ulterior motive urging him to impress his "ideal" views upon his intelligent audience. Very probably to-day, as the result of the labours of the school board, the idea of abundance in the popular mind is reduced to its proper sphere. It is nearly certain that the unemployed—that portion of the honoured working classes whom Cobden so tenderly fostered, but the cause of whose disaster resides in the very principle he advocated as being sure to effect their elevation—have by a negative process a distinct idea of what abundance is not. But Cobden told the labouring crowd a generation ago they were always to have abundance. Does the present one believe that this is the fact? Have we reached a time when Cobden's boast that free trade would always bring abundance of the necessities of life to this country, fails from being contrary to the fact? And what is the fact? That last year (1887) there was a deficiency of 2 millions of quarters. The country requires 26 millions,¹ it got

¹ On the calculation that each individual requires 5.65 bushels a-year.

only 24. Do the traders look upon this result as substantiating Cobden's prediction, that we were always to have abundance?

But we suppose that the association of starvation with free trade will be regarded with the extreme of indignation by the abstract free-traders of the present day. We suppose they will receive this description of the actual state of the nation much in the same way as their predecessors received the warnings of the protectionists—by arrogantly ignoring them. But we beg leave to recall this difference between the attitude of the protectionists and free-traders within a comparatively short period of time. The free-traders, with Cobden at their head, proclaimed that the normal distress was due to protection. Let it be well considered that the distress consisted in bread being at a high price. There was no actual scarcity, but from the deficiency of the harvests there portended one. And how was this met? In Huskisson's time, far from there being anything like an insufficiency, there was a surplus. The warehouses were filled with corn, which was taken out of bond and the duty paid upon it, when there was a demand for it. Nay, so much of this corn was imported, owing to the speculation of the corn merchants, that its mere quantity became a nuisance. At one time it was rotting in the warehouses;¹ and to satisfy the importunities of the corn merchants—and they were entitled to just consideration when their judgment did not overreach them in their patriotic undertakings—Huskisson was obliged to pass a measure

¹ Huskisson's Speeches, vol. ii., pp. 555 and 568. Published by Murray, Albemarle Street, 1831.

which permitted of this excess supply being thrown into the markets during the three months which preceded the harvest.¹ He was bound on the one side to protect the interests of the home growers.² This was paramount. On the other, it was but fair that the services of the corn importers should be properly recognised, and in this manner he attempted to remove the evil consequences of their errors of judgment, at the same time that he blamed them for exceeding so far the demands of the country.³ This was the state of the corn supply in Huskisson's time: instead of there ever being a deficiency, there was always an actual or potential surplus. Where was the potential surplus? In foreign ports,⁴ waiting shipment to this country when the contracted state of the home markets was favourable for its importation. Was there cause to fear an immediate scarcity? Surely not. The deficient harvests at home had first to be disposed of, but the produce would not last throughout the year. And Cobden has told us that even in 1839, when there was a failure of the harvests in this country and

¹ Huskisson's Speeches, vol. ii., p. 402. "Warehoused Corn Bill."

² What Huskisson desired was to make the trade in corn as free as possible under a due and proper protection to the British farmer.

³ "He was sure that if any honourable gentleman objected to the admission of this corn" (in bond, and kept there because not in demand), "which was calculated to release a capital that had been so long locked up, he must take a very different view of this question from that which presented itself to his mind. It was not from any feeling of regard to the owners of the corn that he made this statement. They had speculated in the article, and must stand by the consequences of their speculation. They might have made a vast profit out of it; as things had turned out they had sustained a loss."—Huskisson's Speeches, vol. ii., p. 398.

⁴ Huskisson's Speeches, vol. ii., p. 397.

France, but were severe in the latter, the amount that we required was less than two million quarters.

But farmers had to be paid: they had to make all their income out of a smaller supply. To get the same value for a smaller quantity, you must raise the price. And consequently the price of corn rose, and continued to rise, until it reached the lowest figure at which foreign importation was permitted. Where, then, was the injustice? Was it unjust that the farmer should be fairly remunerated for his self-interested patriotism in cultivating the soil? If not, then it is very evident that the effects of adverse seasons should be prevented from bearing too hardly upon him. The cause of the high price of bread was due to the singular influence of the seasons and to speculation in corn. When the seasons were favourable, the price of bread was low; it was made so by the competition of the farmers. For in those days the farmers did not know how to combine and form a ring. Had such been the case, then the free-traders might have cast their aspersions upon landlords and farmers, alike with credit to themselves and advantage to the community. But the "so-called" ring has arisen in the progress of free trade; and how far it is due to free trade, as we carry it on, is a subject large enough to be analysed in a separate essay.

You cannot, therefore, charge the landlords with snatching half the loaf of the poor labourer in payment of the farmer's rent. Nor can you accuse the farmers of using unfair means to get a better price than what they were justly entitled to.¹ But Cobden com-

¹ We give a quotation from Cobden in order to show that the

plained of injustice, and where is it? We will not further allude to the disposition and the influence of the corn merchants to keep the price of corn as high as possible. But they form a very important link in the chain of communication which connected the home producer with the home consumer, and you cannot ignore their influence as Cobden did. Had he referred to them impartially, he would have reflected upon the common practice of those merchants in making their profits as high as ever they could make them.¹

"enhanced" prices did not go into the farmers' pockets: "A short time ago I met a miller near Winchester, who told me the prices which he paid every year for the corn which he purchased before the harvest and after the harvest during five years. This statement I beg to read to the House.

					Load of 5 qrs.
					Wheat.
1839.	August	.	.	.	£19 10 0
	November	.	.	.	16 0 0
1840.	August	.	.	.	18 0 0
	October	.	.	.	14 5 0
1841.	August	.	.	.	19 0 0
	October	.	.	.	15 0 0
1842.	August	.	.	.	17 0 0
	September	.	.	.	12 0 0
1843.	July	.	.	.	15 15 0
	September	.	.	.	12 10 0

Now, where did the difference go to? Most farmers not being able to hold out for the highest prices, it went into the pockets of the speculators." Cobden does not tell us who was responsible for this difference in prices! Cf. p. 21: "It has ruined the corn speculators."

¹ At the expense of the consumer, and therefore, in the instance of bread, of the whole of the community. We quote a passage (p. 135) from an article published in 1841 by Ridgway, of Piccadilly, and signed F. C. "The scale of 1828 is eminently adapted to breed sudden and great fluctuations." (Huskisson's scale of 1827 was rejected.) "A careful inquiry into its merits, if undertaken by any one who has a previous knowledge of the tricks and manœuvres of markets, will easily lead to the detection of the temptations which it holds out

We cannot close our eyes to the fact that Cobden was supported by the manufacturers, for without their influence and pecuniary assistance he must have remained in that condition of insignificance in which he was born. Nor is the practice of the merchants blame-worthy, so long as it is not carried on at the expense of any one, or perhaps all the interests of the nation. It is not self-interest that is to be condemned, but selfishness. We ask again, Where resided the injustice? Cobden declined to argue the question within the sacred precincts of the corn merchant's office. The cause of the injustice, therefore, resided in the variation of the seasons. If this was the true cause of the injustice to the consumer—and it has been well summed up in one of those pithy sayings for which the late Lord Beaconsfield is famous, that the history of agricultural distress in this country is the history of agricultural abundance—why was it not exposed in all its nakedness to the people of Great Britain and Ireland? Because Cobden was prejudiced, and, so far as he was concerned, honestly prejudiced, in ascribing the evil to another and false source; and we think he was supported in this error by attending too much to the ultimate social and political consequences of the prin-

to gambling speculations, and large and rapid fluctuations of price." "They" (the corn merchants) "buy nothing but the primest samples when they want to lower the duty, and sell only the worst description of wheat when they intend virtually to close the ports, which manœuvre enables them to buy cheaper abroad, and ultimately to sell dearer at home. It is thus that, by trick and artifice, returns, which are not in themselves fictitious, are nevertheless fictitiously affected." The author of this tract blames the scale for the development of these lower propensities of man. The evil might be overcome by modifying the mode of progression in the scale of duties on imported corn.

inciple of free trade. He was thus impelled, by keeping the end-object only in view, to believe that the real cause lay elsewhere. As he was the leader of the manufacturers, we may perhaps in this fact discover the cause of his reticence regarding speculation, and prices higher than they should have been naturally, and an explanation of the partial view which he took of the high price of bread. But can the belief entertained by Cobden be continued by the present generation? Examine all the facts, place them in their proper sequence; analyse all the doctrines which prevailed throughout the free-trade agitation, and then estimate the cause of the high price of bread,—will you place it in the tyranny and rapacity of the landlord? But the supposition is absurd.

§ 13. *The actual factors in the determination of the future price of corn.*—What is the correct statement of the question? The law of the land required that the farmer be protected. It gave the preference to his produce before that of foreign growers. If his produce fell short of the demand of his countrymen, seeing that under the then conditions he bought from them, it was but fair to him that they should buy as much corn as he could supply them with. Now such a result could only be effected through the instrumentality of a corn law.¹ The working of the Corn Law is, indeed, worthy of a separate description; but this was its single design. Like all other laws, it had its defects; and it

¹ Cobden himself subscribed to this proposition. His words are: "We must, at all events, keep the labourer a corn customer of the country."—Page 53.

is certain that its simplicity was perverted for ulterior and selfish ends. We make no comparison of the results of the action of those who effected its repeal, and who denounced the utterly selfish¹ working of the law in no measured language. We cannot stay to inquire what sum it was that went into the pockets of the manufacturers between the years 1850 and 1873, nor what proportion of that gigantic sum was diverted into the labour market,—suffice it to say, that in the event it seems that the tables have become turned against the promoters of the repeal of the Corn Law. For there is no doubt that they attributed not the motive of self-interest, but the motive of selfishness, which is a very different motive, to the landlords of their day. They charged them with being unduly and unjustly rich at the expense of all the wheat-consumers of the nation; and as the labourers formed by far the larger part, the labourers mostly suffered. Perhaps we may illustrate this idea of Cobden and the free-traders, of the landlords growing fat upon the blood of the nation. (Fortunate, indeed, for the nation that it contained so many fields of labour!) First of all, we know that this description of the state of affairs is altogether wrong. But Cobden did not believe it was wrong, nor did his intelligent followers detect where the error lay. We also know not only of the false charges—charges which had not the shadow of a foundation to rest upon—against

¹ It seems the law was made selfish from the effect of speculation, carried to abuse by the corn merchants. The present paralysis of agriculture shows that the Corn Law was not enacted in the selfish interests of the landed proprietors. The law really protected the self-interest of an important part of the community, whereas Cobden asserted it only favoured the aristocracy.

the landlords, but of the true motives of the manufacturers as well.¹ In denouncing the selfishness of the landlords, they successfully for a time concealed their own selfish policy. They succeeded in gaining the support of the people by contrasting their own fascinating policy of national self-interest with the selfish, degrading, and tyrannical policy of the landlords. They had the impertinence to believe the landlords to be what their distorted imaginations, induced by erroneous economical doctrines, depicted. Reason slumbered, while their fancy led them into every kind of absurdity. Their recklessness demanded that they should lose control over themselves before they lost control of the national trade. But perhaps the worst feature in their conduct is their arrogance in claiming a national character for what was a mere prejudiced, and, as it has turned out, a very clumsy, piece of legislation. It may be said we have grown rich by free trade; but the answer is, that we have not grown equally rich. We have progressed, but not as a body. That is not progress which determines superabundant wealth into the hands of the capitalists, while it increases the pressure of obtaining a subsistence by the sweat of their brow of the lowest of the poor class to the point of starvation. Cobden, however, though his restless energy led him into all kinds of quarrels, could not battle with the seasons. But the means which he advocated would, he said, remove these prejudicial effects. He allowed

¹ To support this, allusion may be made to Cobden's change of tactics when advocating the manufacturing and agricultural labourers' distress in 1839 and 1844 respectively, and to the large sums subscribed by the manufacturers to repeal the Corn Laws. In 1845, no less a sum than £250,000 was collected for this purpose.

them some influence, but did not ascribe to them the first place in the causation of agricultural distress, which, it must always be remembered, means high price of bread. In fact, enough has been said to convince the candid reader that, in the pursuit of his ends, he was not particular enough in the management of his means, and that his treatment of the question of free trade was a peculiarly partial one; and how the treatment of the question, partial from the very first, has been continued in the same groove of partiality, may be learnt from a perusal of some recent free-trade literature, and amongst others a work on 'Free Trade *v.* Fair Trade,' by Sir T. H. Farrer, who complacently shows that while the export trade of every protective nation in the world is extending, that of England alone is shrinking. But at present we must ask the reader to follow us in the elucidation of some of the moral developments which Cobden's honestly intended but arbitrary assertions may create.

It will occur to every one that to raise the cry of protection and starvation, demands the existence of starvation. Now there was no starvation under protection.¹ If Cobden meant that there would be starvation in the future under protection, then precision requires that he should have said so. On the other hand, he stated there would always be abundance with a free-trade system. And when we come to analyse what

¹ Many different inferences are derived from the occurrence of the so-called Bread riots. But the influence of Chartism in their causation cannot be ignored. It is very probable that the merely temporary high price of bread offered the most favourable occasion for revolutionary leaders to stir up the poorest of the poor, by appealing to their hard lot. Thus Chartist principles would be diffused by turning an economical grievance to attain political ends.

abundance means in his terminology, we discover that it is made to represent a relatively low price of bread. There could not possibly be, according to his own account, a greater abundance than what existed in his day,¹ if only there was the money to buy dear bread with. Did he refer to the abundance of the future? Then it is evident that he went against his limited knowledge of the subject of the capacity of corn-growing States. For he assured the farmers that they had nothing to fear from the foreigner. The stimulus he applied to them was for their own benefit.² Nay, he went farther. He predicted that the produce of the British farmers would be increased.³

By abundance, therefore, he meant low price of bread, and more than that, a uniformly low price of bread. But we are well aware that "abundance" did follow the free intercourse of this country with corn-growing States; and that the fact that it did so has prejudiced many people (and some free-traders who argue from the book of Cobden by taking two passages, and arbitrarily connecting them) into the belief that Cobden was a prophet. Now nothing can be more certain than that the

¹ In 1839 the importation of wheat amounted to 2,500,000 quarters. On what ground *did* Cobden assert that we should never be able to import more than this? On the ground that more was not then grown in corn-growing States. It is certain that one of the reasons which Cobden offered the farmers in order that they might not be frightened by competition was the fact, based upon past experience, that a moderate importation of wheat—say 300,000 quarters—always sent up the price to 40s. and upwards. The reader will understand that such experience would not be adapted to new conditions.

² P. 71. 1. The farmers had only to fear a competition of two and a half million quarters. 2. Prices rose with increased importation.

³ To the extent of one-fourth of the whole produce!—P. 52.

sort of abundance, in the sense with which we have experienced it, was far from the mind of Cobden. He did not predict that our markets would, in process of time, be swamped with foreign corn. It remains for us to-day to be aware of the fact. But that abundance which the farmers of Cobden's times and the protectionists feared, but which Cobden himself relegated to the limbo of exploded ideas, has come to pass, in spite of what Cobden intended should happen. He declared that he so legislated as to acquire a comparatively low but uniform and steady price of bread.¹ Did he intend that the price of corn should be gradually displaced to a lower and yet lower level? On the contrary, the "impossible" abundance prevented such a phenomenon. But what is the fact? Instead of corn fluctuating between high and low prices, but on a level which remunerated the farmer, and was gradually receding, as it did under protection, the price of corn has, under free trade, entered upon one vast fluctuation, in which there is but one tendency, and that of decline. The highest point we have passed long ago; the lowest, it is the belief of many, we have yet to reach, supposing that it is the desire of the nation to persevere any further in what Lord Melbourne described as "the maddest of all mad courses."

¹ Huskisson endeavoured to effect this by allowing as free an intercourse as possible under a policy of protection. He devised a sliding scale with this object in view—Revision of the Corn Laws, p. 386, vol. ii. Cobden attempted to reach a steady price by an absolute free trade. Both Huskisson and Cobden had the welfare of British agriculture at heart. But while Huskisson treated the corn problem separately, Cobden mixed it up with the prosperity of manufacture and political and social advancement.

It is impossible but that the conduct which the free-traders thought it wise to follow, must be associated with a dangerous distrust of leaders by the people on future and similar occasions. It may be a fine art to arouse enthusiasm on a false basis, or any basis. But if the people of this country have learnt, by the unhappy consequences which have overtaken them in their blind attachment to a disastrous policy, to regard with greater care all the possible future developments of this or that legislation, perhaps the lesson will be worth the burden which these consequences have already entailed and yet entail upon them. The free-traders raised the cry of "protection and starvation." And what was the foundation of it? They created a fierce enthusiasm, and an intelligent multitude was betrayed into sowing the seed of its own ruin. Thus there is reason for distrust, and much distrust. The people were told—though falsely—that the landlords were their despotic rulers.¹ They will learn soon, if they do not already know it, that it was speculation carried to excess which formed the prime source of that temporary distress from which they were suffering in 1837. How long will it take to destroy the influence of that false and misguided association of protection and starvation?

¹ The efficient representation of the towns had commenced in Huskisson's time; for advancing their claims he lost his seat in the Ministry of 1828. The Reform Bill of 1832 extended the electorate. Thus progress was gradually being effected in the distribution of power. It was Cobden's intention that this progress should be hastened by free trade. Since Cobden's days the power of the people has greatly increased; instead of pursuing a uniformly steady course, it has advanced by a leap. Free trade is responsible for this. Admit that it has induced some of those political consequences Cobden anticipated, it has ultimately been at the expense of the material prosperity of labour.

Certainly the appearance of a deficiency of two millions in the quantity of corn needed to feed the nation at 5.65 bushels per head, which occurred in 1887, is likely to go some way towards rending it asunder. Would it be a wise thing to preach from the text of free trade and starvation? It would not. What change is to take place must be effected, not by the enthusiasm of a crowd, however intelligent it may be, nor by the policy of a single individual or of a faction, but by the collective wisdom of the nation. The present trade difficulties of the nation require not enthusiasm to solve, but reason to unravel and judgment to decide, what is the best course out of them.¹

And thus the argument leads us to a more elaborate analysis of the contents of the question than the free-traders have yet offered. They give "signs"; but what do they say about tendencies? They have placed us in the best of positions to acquire cheap food. We have had, we still may have abundance. Yes; but the tendency to abundance has already received a severe shock. Abundance is beginning to decline. How do the free-traders explain the phenomenon? There must be a

¹ With regard to the objects to be attained, we adduce two statements of Huskisson: 1. "But it was said that to withdraw our protection from the manufactures of the country and to continue it to the growers of corn, was acting upon an erroneous system. I deny this position entirely, and contend that reasoning from analogy, in a case like the present, must necessarily lead to an erroneous conclusion. . . . When there was an accumulation of cotton the manufacturer could contract his supply; but could a similar measure be adopted by the agriculturist when there was an accumulation of corn?"—Vol. ii. p. 347. 2. "Cheapness is a good thing—but cheapness without demand is a sign of distress." It is necessary to consider these two points in reference to the claims of producers.

cause or causes in the background to account for the change. The free-traders tell the labouring masses, "We have given you cheap bread;" but they forget to say that they have taken away from part of them the capabilities of acquiring it. When foreign labour displaces our own, for us to maintain the balance, we must displace the foreigners. Are we doing that? Let the free-traders examine these questions a little more carefully, not from a mass of figures, which are only apt to confuse, but from a consideration of tendencies; let them picture to themselves not only what forces are in operation, but also what determines the intensity of those forces. Let them bring forward a comprehensive statement of cause and effect, in order that their opponents may examine it, and trace their errors, if there be any (and there are many in Cobden), to their hidden sources.

"Give us the means," reply the labourers, "of obtaining that bread which you have made so cheap for us." And have they not the undoubted right of inquiring whether it was originally intended that their labour should be displaced by that of the foreigner? Let us take it for granted, and Cobden would not have objected to its occurrence, that some labour was displaced.¹ Then the older free-traders rejoiced over the additional resources thus accruing to the natural industries of the country.² The weak markets, those which had to be

¹ And, we may add, continues to be displaced.

² What is a natural industry? Cobden talks of our cottons and woollens being natural industries, because well established and cheaply produced. Compare such industries with the cultivation of tobacco and the growth of the vine. In the one case, the skill of the workman, in

strengthened by the imposition of duties, were swept away. Only the strong ones remained behind. It is thus that labour and capital, under the system of free trade, flows from less to more productive sources. But when the staple manufactures of the country are checked ; when the quantity of exported produce remains stationary, and its value undergoes a marked decline, the degree being such as only to permit the manufacturer to produce at ordinary profits ; when the prospect of recovery is remote, if it is at all perceptible,—then we think that the time has come to recognise the present dangerous conditions surrounding the existence of our trade : the existence of our trade be it observed, for its progress has ceased.

§ 14. The free-trade idealists not in touch with what is going on around them in the commercial world.—It becomes essential—since we have come to learn that the free trade of Cobden¹ does not remove that particular cause of distress predicted of it—to analyse the action of the free - trade principle ; how it brought about prosperity, with other factors, during the primary period of its operation ; to determine the state of transition in which a temporary equilibrium was being induced ; and then to mark out, after the influence of

the other, the accident of climate, forms the distinguishing feature. Now we cannot change our climate, but other people can be trained to become industrious and skilful.

¹ *I.e.*, a system of free imports. But Cobden's arguments refer to that condition of international trade in which exchange is free. He advocated universal free trade—why was he content with partial free trade ? Was it certain other nations would become free-traders ? No. Then why did he run the risk of being isolated in a hypothetical policy ?

former effects had ceased to exist, the direct action of the principle. It can be of no use to shut our eyes to the possibility that free trade is the cause of manufacturing depression and the labourers' distress. It is illogical to argue that because free trade produced prosperity at first, that it must therefore continue to do so. We must treat the problem in a comprehensive fashion, and leave its partial treatment to be undertaken by the abstract free-traders, who are prejudiced in the belief that the free-trade principle, on account of its sacred character,¹ is omnipotent. We must cast aside the spirit of partisanship. The free-traders, there is no doubt of it, for it formed a part of Cobden's ill-assorted design, and he acknowledged it, have ulterior ends.² What these ends are, matters little to a distrustful, unemployed, and ill-fed people. Ask the free-traders why the people are distrustful, why they are not employed, why, too, they are ill-fed? They afford specious answers. They appeal to some distant period when the lot of the labouring man is to reach the "ideal" they have depicted to him. Thus may it be asserted that they refuse to enter into the rational treatment of the question. They rest contented, after they have raised the free-trade principle to that nothingness "an axiom." And what information they can derive from

¹ Cobden, p. 187. How any one principle in economy can be more sacred than another, or be "sacred" at all, is beyond our comprehension! But compare John Bright on this point, at p. 456 of his Speeches: "Free trade, though not given amid the thunders of Sinai, is not less the commandment of God, and not less intended to promote and secure the happiness of men."

² Cobden stated that many supported free trade simply on account of its "moral" and "social" bearings.

such a procedure they may be pleased to retain. But there are slight differences, perhaps practical ones, between an axiom of mathematics, which is an abstract science, and the assumed axiom of free trade, which refers to a concrete one. Is it their aim to discuss the problems of economy from the abstract point of view? Then they may be assured that they are never, at any particular time, dealing with what is going on about them; and that, first of all, they assume that affairs will take a particular course, and argue from those positions which they have taken up, and which they are foolish enough to suppose will remain as eternally fixed in nature as they are in their own imaginations.¹ But those very positions, which once upon a time may have been sound ones, have in course of time become very materially altered. The ideal economists believe that they are still the centres round which the principles guiding our trade revolve. It is true the principles are still revolving round that centre; but the positions have long since been abandoned by those who take a practical part in the conduct of our trade. The manufacturers will find that the eternal principle is working their ruin. Let us point out to the reader the tendency at the present day in this country to invest capital abroad. The ideal economists will discover—but too late, perhaps, as all those must do who suppose that affairs are to be governed by abstract ideas, instead of dealing with their actual state as in practical legislation—that their principles still operate, but that, so

¹ We inquire, where are those "dear" markets in which our merchants are always to sell? We were told we should buy in a cheap market. Are all our markets now as cheap as they were in 1846?

far as the country for whose benefit they were framed is concerned, they are affecting passive¹ and not active surroundings. But we go further, and tell the ideal political economists that their boasted axioms are nothing but their own pretentious assumptions, the creatures of a frame of mind evolved out of a network of hypotheses to which the then condition of our manufactures afforded its countenance, but which by no possibility of means could remain true for all time, unless "surrounding conditions" continued the same.

It is a concession, however, on the part of free-traders to allow their protectionist opponents the merit of having, in the course of a rigid analysis, summoned out of obscurity the various influences which created their unparalleled prosperity. But the proper influence of free trade must be estimated. The attempt must be made to portray what would have been the combined results of a normal currency, the railway system, and the gold discoveries, on the progress of our commerce. We have already called attention to one element in the composition of that unparalleled prosperity—an artificial demand. We have already explained how it interfered with the existence of a normal railway rate. And the reasons are gradually accumulating to prove the justice of restating the case of the old protectionists. To begin with, there is Cobden's false theory as to the origin of rent.² To proceed, there are all those predictions of the free-traders which, alas! remain unfulfilled. But, as if free trade could not exist without the maximum of error,

¹ As regards agriculture and the other industries which have been depressed by free trade.

² On this he founded his unjust charges against the landlords.

there is the twofold error into which the original supporters of the system fell; an error which was entertained by their successors, who succeeded in incorporating the principle among the tenets of a party. Else, why was free-trade prosperity unparalleled? Why were the people cajoled into supporting the Radicals because of free-trade prosperity, if the Radical leaders knew in their hearts that all that prosperity was not due to the principle of free trade? Are we to suppose that those leaders were base enough to hoodwink the electorate into the belief that free trade was the sole cause of prosperity, knowing all the time that such was a false statement, in order that they might promote those other reforms which, if accomplished and successful, would change a false for a sound basis of popular support?

But the error is admitted—to the extent that all prosperity was erroneously ascribed to free trade. The other part of the twofold error, the ascription of direct action to free trade in the causation of prosperity, we have never seen disputed. Consequently, what the abstract free-traders have to show—and perhaps all the more difficulty will be experienced by them when they are made to descend from their lofty generalities, their universal propositions, and certain collateral issues—what they have to show is, “How did the principle of free trade effect that proportion of the unparalleled prosperity which every one, free-trader and protectionist alike, agree to accredit it with?” The problem now is limited to the answering of a very simple question. But this “particular” feature of the argument we make no doubt will be avoided by free-trade theorists. It intrenches upon the character of their discussions. So

long as they arrange words and propositions, the produce of their imagination, but capable of leading them into mischievous conclusions, by reason of the fact that they do not apply to present experience, they succeed in holding their own. But the positions which they now hold belong to a bygone age ; the conditions which supported the proposition that you may destroy one industry in order that another may benefit, no longer obtain. It is idle to assert that when the English manufacturer has been turned out of one market, he *must* employ his labour and capital in more productive industries. It is ridiculous to inquire of the free-traders where those more productive industries are placed. We have elsewhere¹ displayed the working of the free-trade principle by the means of considering what tendencies are in operation to counteract its influence, and by the facts or signs which justify the existence of those tendencies. But in all large and complicated operations, such as are those of free trade, you cannot expect to find regularity and uniformity in all directions in which it works, nor even in one direction during a given period of time. All those effects, therefore, which are "exceptional," the free-traders will magnify into the rank of being first-rate consequences ; when, if the question were properly and rationally treated, they would not be rated at all. But against these exceptional results it is our duty to warn the reader, lest he be snared into the belief that one consequence of our partial free trade—and that a minor one,² and purposely exaggerated

¹ Free Trade : An Inquiry into the Nature of its Operation. Blackwood & Sons. Edinburgh : 1887.

² To give an instance : excessive railway rates—but they were not

—represents, and is the mirror of all the consequences of the principle. To arrive at a true conclusion, it is essential that we consider all the consequences, in the order of their importance, and not to cut one out because it is apparently fascinating. It is then we shall reach, and only then, the main action of the principle of free trade.

Now, as the theoretical action of the principle of free trade has not been discussed, but assumed, by the free-traders,—who are so much attracted by theoretical or hypothetical pursuits, and who, curiously enough, derived all the groundwork of their “ideal” doctrines from an examination of the course of our trade under protection,—it becomes necessary to put forward an explanation of it. It is upon this explanation, we are convinced, that the case against the free-trade system will be decided. The free-traders unanimously ascribe a direct action to the principle. Sir T. H. Farrer, it is true, has written in the interest of free trade.¹ He seems to have been unfortunate in hitting upon all its exceptionally favourable results and putting them prominently before the public. He should have been warned by their exceptional nature. But he does not balance these exceptionally favourable and small results with the normally unfavourable and larger results of his principle. And as he nowhere refers either to the direct or indirect operation of free trade, we infer, perhaps wrongly, that he subscribes to the unanimous conclusion concerning its operation.

excessive in 1860, when the manufacturers, out of their enormous profits, could afford to pay them—are charged with being the cause of depression.

¹ *Free Trade v. Fair Trade.* Cassell & Co. Chaps. i. and iii.

It is to this effect: that free trade caused its proper proportion of prosperity directly. And it is this explanation that we unreservedly impugn. We meet this with its opposite. We assert that free trade induced what little prosperity it did induce¹ indirectly. That while it acted indirectly, we enjoyed an addition to the prosperity we should certainly have enjoyed without it. And that we are now, and have been for some time, suffering from its direct consequences.²

Let us consider this matter rationally and as comprehensively as we can.

The free-traders will not deny that all principles must act through the effects which they bring about. Take a grievance. Many men, and some sections of the community, suppose they have grievances. The labouring men out of employment at the present day suppose they have a grievance. The grievance may or may not be based upon a just and right foundation. But so long as the grievance remains pent up, so long will it remain inactive. But if founded on a just basis, it will sooner or later become a principle in action. It will become related to all the other sections of the community; and all kinds and degrees of effects will be induced thereby. Some of the consequences thus brought about are oftentimes fraught with danger to the whole community. And thus it becomes essential, and is the effect of far-seeing statesmanship, to

¹ The moral influence of free trade led to increased circulation. It was the aim of the British manufacturers to become supreme. But this increased circulation was arrested by foreign duties.

² The indirect consequences were favourable, the direct consequences are disastrous; the indirect were temporary, the direct are permanent.

arrest the growth of a morbid enthusiasm, lest it assume too formidable dimensions.¹ But such a happy consummation is only possible when the true sequence of phenomena ending in the popular expression of a grievance is well understood by those whose business it is to inquire into them. There are many influences which oppose the redressing of such grievances. Sometimes such an influence resides in the interests of a party. We doubt not but what the proposed reversal of our partial free-trade system will be bitterly opposed by the national Liberal party. But it will be for the electorate to decide what course of trade will best promote the interests of the country. Again, take any medicinal drug or poison. So long as it remains upon the shelf of the druggist, it produces no effects. But bring it into relation with the various tissues of the body organism, and what results? All kinds of local and other effects. All the effects, then, that we can think of, are brought about by certain principles acting upon those surrounding conditions which are favourable to the development of their beneficial or evil consequences. Free trade is no exception to this general rule of principles. But where the great difficulty presents in the elucidation of economic phenomena is in the multiple effects which a single principle induces. This is because the surrounding conditions of the operating principle vary in this branch of industry, as

¹ It might be adduced that free trade was promulgated to counteract Chartism. Cobden's dictum that "free trade was to save us from tyranny at one end and anarchy at the other," may be brought forward as a support to this view. Still, this view does not preclude another one—viz., that out of the disaster of the times a section of the community grasped the opportunity to promote a selfish end.

compared with those of that other one; in our dealings with one nation as contrasted with our dealings with another. Thus innumerable minor influences spring up to modify its action. But not only do these surrounding conditions vary, at any particular period, in all places, and in all industries, they also vary from time to time in each industry, and in our trade relations with all the nations of the world.

Thus do we meet face to face with the difficulties of unravelling the definite results of a complicated principle, on each occasion when we desire to estimate its especial influence. It is impossible in many instances to obtain such definite results, because some of the effects interact, and it is beyond our means to calculate the influence of such interaction. Hence the perils of trusting to mere figures; hence the dangers of founding reliable conclusions upon trade statistics. What we can only hope to achieve is to ascertain the main operation of the principle, without being able to precisely determine its intensity. And for this reason it has appeared to us the better course to follow the late Professor Cairnes's advice,¹ and deduce tendencies first, and afterwards observe by signs and figures the influence of their operation. This is a course diametrically opposed to that pursued by the free-traders. They take their figures and facts and argue from them. On the other hand, it is the usual procedure to place such facts and figures in a subordinate position, and make them express the influences of tendencies which are originally assumed to be in existence. It seems to us that the

¹ In the 'Logical Method of Political Economy.' Macmillan & Co. P. 105, Lect. III., "Economic problems not susceptible of exactness."

free-traders themselves do not care to inquire into the nature of these tendencies.

Such, then, is the hopeless nature of the task of estimating the exact result of each definite action of free trade. Perhaps it is by this circumstance that the free-traders have been enabled so long to satisfy their followers with a list of those general assertions, which appeal to an ideal state,¹ but are very far from being compatible with the practical experience of those data, whose existence they ignore. If economical problems are solved as purely "ideal" problems; if the data involved are not then in existence, but only supposed to be so, or ought to be so, from the ideal economist's point of view, then it is quite certain there must be confusion between the theory of political economists on the one side, and its practice on the other. Such confusion cannot be present without disaster; and it must inevitably terminate in a war of opinions, where the public will learn that the abstract conclusions to which the "ideal" economists have ascended, are based upon no supports which present experience can afford them. In short, that the free-trade school of economists are no longer in touch with what is going on in the commercial world; that they have left it in disgust at the wickedness of man; and that they argue in an abstract economic sphere of their own fanciful construction.

¹ Cf. what Sir Robert Peel stated with reference to the adaptability of free trade to old and established interests on the one hand, and to young and growing states on the other. "If we had to deal with a new society, in which . . . complicated interests . . . had found no existence, the true abstract principle would be, 'to buy in the cheapest market and to sell in the dearest. And yet it is quite clear that it would be utterly impossible to apply that principle in a state of society such as that in which we live. . . .'"

CHAPTER VI.

THE RELATION OF FREE IMPORTS TO THE HOME MARKETS.

"For himself, he had no hesitation in denying that the Corn Laws had anything to do with the existing distress in some of the manufacturing districts, or that they even contributed to produce it. It was not logical, or a legitimate mode of reasoning, to say that because Government came forward with a measure which, in their opinion, had a tendency to alleviate the present distress, to soothe the feelings of the sufferers, and to show a sympathy with their sufferings, that therefore they looked upon the Corn Laws as the cause of the distress. His opinion might perhaps be worth little upon this subject, but he must frankly and openly say that he did not look upon the Corn Laws as the cause of the present distress."¹—(May 2, 1826.)

"The evil under which the country now (1826) laboured arose from over-trading and a want of credit."²

IMPORTANCE OF DISTINGUISHING BETWEEN "APPARENT" AND "REAL" OVER-PRODUCTION—THE FALLACY OF "REDUCING PRICE OF BREAD TO EXTEND LABOUR" EXPOSED—THE COMPLAINT OF THE MANUFACTURERS—TO BE ON EQUAL TERMS WITH THE FOREIGNER COBDEN SAID THEY MUST HAVE "BREAD" AS CHEAP AS THEIR RIVALS HAVE IT—DID SUCH A PROCEDURE BRING ABOUT EQUALITY?—THE FOREIGNER STILL RETAINED THE MEANS OF INDUCING INEQUALITY—OUR PRESENT COMMERCIAL SURROUNDINGS NOT IN ACCORDANCE WITH COBDEN'S ANTICIPATIONS—FREE TRADE WAS TO IMPROVE AGRICULTURE: IT HAS DESTROYED IT—FREE TRADE WAS TO SWAMP FOREIGN MARKETS WITH BRITISH GOODS—ITS REACTION HAS STIMULATED FOREIGN PRODUCTION.

§ 15. *The moral influence of free trade in extending our trade-circulation with foreign markets.*—Free trade

¹ Huskisson's Speeches, vol. ii. pp. 556, 557.

² *Idem*, ii. 567.

induced its due proportion of prosperity indirectly. Let us see the nature of the process by which that conclusion is reached.

Before free trade was ever introduced, our markets were from time to time overstocked ; demand was over-estimated ;¹ there was an excess of supply resulting from over-production. Now the sorts of this over-production are two,—1, A real over-production, ensuing upon the manufacturer's anticipation of larger markets ; and 2, An apparent over-production, consequent upon the demand failing to consume that supply which past experience justified the manufacturer in producing. Unless the causation of over-production is strictly considered, the reader is apt to give his adhesion too hastily to certain views. It is in the nature of prejudice to snap at support. Oftentimes one single argument is sufficient to convince the unwary and those who have not given time and thought to the subject. But in economy it is a good rule to follow—"Be not fascinated by appearances. The argument is, on the surface, a taking one. Be on your guard lest you be deceived by those appearances." Let us give an instance of this. Suppose (and this actually occurred during the free-trade agitation) that, in the treatment of the causation of over-production, an advocate states the case as follows:—"You are convinced of the presence of a larger supply than there is demand to consume it. How comes about

¹ Or, as M'Culloch put it, the cause of the glutted state of the markets resided in the miscalculation of the manufacturers—Political Economy, p. 202 ; where he also states "that those who investigate the history of industry, in this or any other country, will find that a period of peculiar prosperity in any one branch is the almost uniform harbinger of mischief."

that difference between the supply and demand? Obviously the blame is to be laid upon demand being smaller than it ought to be. The manufacturer, therefore, is put out in his calculations. But why is demand smaller than it ought to be? Obviously enough, because the price of bread consumes the major part of the labourer's wages. He spends more on his bread, and therefore less upon the produce of manufacture. See, then, how the poor manufacturer is to be pitied.”¹

And if this had been (in the days of protection) the only cause of over-production, which we must point out is only an apparent one, the solution of this fascinating statement was very easy. You have only to reduce the price of bread, and the labourer buys more of the merchant's produce. Thus a channel is opened up for the outlet of this supposed excess of supply.

Whether or not we have gone beyond the limits of actual fact in thus presenting the reader with the free-trader's exposition of the cause of the manufacturers' distress, we leave the admirers of Cobden to determine, while at the same time we offer to them the perusal of certain passages in his work.² If it be, as we believe it is, on the authority of those passages (appended in the footnote), the true statement of the great free-trader,

¹ This was actually put by Cobden. The home market, he said, was the mainstay of the manufacturer. And he adduces the evidence of an “intelligent” labourer in Stockport to support this view, p. 129. Against one authority, we advance another. Huskisson stated that “two-thirds of our cotton manufactured goods were not made to meet the home consumption, but the foreign demand”—ii. 566.

² P. 25: “Let the farmer perfectly understand that his prosperity depends upon that of his customers.” P. 181: “We of the middle classes will continue to be his customers.”

we submit to the reader, Is it a partial statement? Does it or does it not include all the causes of over-production? Does it specify the nature of the particular over-production under consideration?

We are not going to deny the fact that both causes of over-production were in operation at the same time. But what we are going to deny is Cobden's accuracy in attributing to the labourer's deficient means the major cause of the manufacturer's distress.¹ We are going to assert that Cobden left out of the account altogether the probability that the manufacturer's depression might be due to his own endeavours in supplanting his neighbours. We proceed to give two reasons why it is our belief that an actual over-production was the major element in the causation of distress; and that the inability of the labourer to pay for the manufacturer's goods, from the dearness of bread, was but a minor cause; and a cause, too, which did not act directly, but indirectly, as the effect of a much larger cause, brought into operation by a state of the markets leading to over-speculation.

The first reason is in the tendency of the manufacturer to produce a larger supply than he can dispose of. The excesses of supply gradually accumulate. We think it is evident that the manufacturer would be

¹ The difference between 2s. 6d. and 1s., Cobden asserts, would be spent upon fustian jackets. Calculate the amount which the agricultural labourers would have to spend upon manufactured produce. Say each would expend £2 a-year more upon goods, and place their numbers at 2,000,000. The sum of £4,000,000 would then flow into the pockets of the merchants and the manufacturers! But where is the source nowadays from which this is to proceed? Where are the agricultural labourers? Experience has proved that the interest of the home market was not efficiently preserved by the free-traders.

impelled to produce more, owing to the favourable nature of his surrounding circumstances. Thus cheapness of bread and a distended labour market would enable him to buy labour cheap; and hence, it would be to his interest to produce as much as ever he possibly could while those circumstances lasted. He would thus produce at the smallest cost, and obtain thereby larger profits. But he could not expect to sell all his goods, unless he determined to lower the price of his articles. With a stock thus on hand, unless demand went on increasing at a rapid rate, he must soon contract his powers of production. Labour would be thrown out of employment, and hence distress arise;¹ and, we presume, the labourers, thus unoccupied, would have less means of purchasing their former masters' goods.

Now the question arises, Did the manufacturers depend more upon the home than the foreign market for the demand of their goods? It is easy to perceive that, when the foreign market was against them, they might call attention to the disturbed state of home consumption, owing to the inability (in particular as Cobden mentions) of the agricultural labourer to consume part of the supplies. But what proportion did that small figure have to the total demand? Could the comparatively small demands of the agricultural labourers be properly considered alongside of the great and increasing demand of the foreigner?² The greed of the manufacturers forbade it.

¹ On some of these occasions the prices of bread ruled high. It was thus a coincidence if distress existed with high price of provisions.

² Cf. the £4,000,000 before mentioned with our export trade of £150,000 000 and upwards. Of course the manufacturers regarded the

But the increasing state of our export trade under protection shows that the demand of foreign countries was slowly and surely extending. What reason, therefore, was there to blame the home consumers for contracting their demand? If we examine the nature of that demand, one year with another, over a period of time extending from 1815, is it surprising to discover that it was fitful, just like the demand for labour, and that it was characterised by rises and falls? And yet, in spite of these rises and falls, the nation had gone ahead; for, if there was no other sign of prosperity, we had a flourishing export trade. Why, then, did the free-traders hit upon a time when the home demand for manufacturing produce was deficient? Had it not already been so on many previous occasions, without harm accruing to the manufacturers? Had it any appreciable influence upon the state of the export trade? That, we know, constantly increased. There must have been some ulterior motive which impelled the manufacturer to blame the deficiency in the demand of home supplies. What was that motive? The motive of being able to enlarge his field of production, if he could only get favourable conditions. He saw possible opportunities, which he desired to realise. With cheap bread at home¹ he could undersell his foreign rivals.

larger sum with greater leniency. If the latter remained permanently high—and this was the stake for which they played—it mattered little what became of the former.

¹ It must be understood that the effect of cheap bread upon our agriculture was to improve it, according to the opinion of the free-trader. But events have not fallen out as the free-trader anticipated. There *was to have been* an increasing demand on the part of agricultural labourers for manufactured articles. The external demand was also to continue a constantly increasing one.

By that means foreign demand would be artificially increased, and the increment would lead to a more extensive production of the "natural" produce of the country. To meet this increased production, all unemployed labour would be called into activity. And as, too, more capital and labour were to be compelled to the improvement of the soil, the wages of agricultural labour thereby increasing, the picture of the labourers' future prosperity was thus done in the brightest of colours.

The second reason is to be found in the growing state of our export trade. So long as that constantly increased, what complaint could the manufacturers justly bring forward? But complain the manufacturers did, whether they had just foundations or not. Now, what was the nature of that complaint? It consisted simply in this, that, instead of being content with a certain and secure¹ foreign market, they were ambitious of gaining a complete monopoly of it. They saw the possibility of acquiring an ascendancy, and they looked about for the means to obtain their end. It was fortunate for them that they had the services of a man who, whatever errors he may have perpetrated (nor are they few and unimportant), was, nevertheless, honest in his belief in the justice of the end to be obtained, and who argued his case from a sincerity in the national² benefits to be derived from the new policy. Cobden saw that free trade would not only help the manufacturers in the furtherance of their object, but also that, by the

¹ *I.e.*, relatively to the ability of the foreigners to compete with them.

² "Our object is what I have always declared it—the benefit of the whole community."—P. 48.

reaction of their support, it would enable him to put into operation, at the same time, the first instalment of a vast scheme which he had devised for the more intimate commercial union of different peoples. They would be so busy in the pursuit of their "natural" industries that a chief cause would be removed of that race-hatred, so apt to be inflamed by the lower designs of diplomacy. War would therefore cease and determine. Henceforward, if Cobden's scheme were followed, the only rivalry existing between nations would be commercial rivalry. But the most striking part of Cobden's visionary scheme consists in the statement that all nations would be gainers by the adoption of a universal free trade. It will occur to a few, on the first consideration of this assertion, that a weak country would have a very poor chance against the rich and powerful one, and one, too, in which trade industries had reached a high degree of development. But in spite of that impossibility in the quality of surrounding conditions of nations, we venture to suggest that there must have been, in the minds of those who advocated the doctrine that all nations would be gainers by free trade, this very important qualification. All nations might, indeed, gain by a universal free trade. But there are degrees of gain. Some might gain more than others. And we have a suspicion that the manufacturers thought that by a universal free trade they would gain more than their neighbours. This suspicion is justified by the occurrence of that period of prosperity during the unencumbered operation of our one-sided free-trade system. It is possible that, had free trade become universal, as Cobden predicted, we should have continued

that prosperity. But it must assuredly have been at the expense of the growth of manufactures in other countries. But if other peoples lost in one direction they would have gained in another, says the specious free-trade doctrine. They could not compete with our manufacturers under the free-trade system, but then, neither could we compete with them in the manufacture of their natural productions. This follows, quite obviously, from the free-trade doctrines, that "the price of the foreign market controls the price in the home market,"¹ and that "labour and capital are diverted from less into more remunerative channels." But although the gain on the part of some other nations may have been undoubted, it is clear that the nature of that gain was not accurately described by Cobden. We know he does not refer to this "aspect" of the gain problem. He merely asserts that nations would gain. From Cobden's point of view, then, the future growth and development of towns in his own country would become unparalleled.² But the soil was not to be deserted!³ How could he hope, therefore, to supply the world's markets with English manufactured goods? Surely its demand would be more than our greatest supply; and we have had some experience what was the magnitude of that supply.

¹ Were free trade universal, these doctrines would stand. But as free trade is carried on nowadays, the prices in our markets are influenced by foreign prices, while we have no equivalent influence over foreign markets.

² It was said at the time (1841) that Cobden's aim was to make Great Britain one large town. Sir Robert Peel also alludes to the probability of free trade converting our island into one vast workshop.

³ P. 62. On the contrary, "free trade was to clear the streets of those spectres which are now haunting your thoroughfares begging their daily bread, and to depopulate your workhouses."

Other countries, then, must still manufacture ; but they could never hope to rival the British manufacturer. Because the price of their goods would be determined by the price of our goods ; and because, as our manufactures extended, the cost of production diminished. In young communities, such a price, we need hardly remark, would be unprofitable. For in young countries the wages of labour are relatively higher than in older ones. This factor of itself would have sufficed, had no others been present, to ruin the foreign manufacturer. Thus their manufactures would have been dwarfed ; and, as a matter of fact, many of them were paralysed during the first period of free-trade action.

But what remained to develop towns, to improve their civilisation, to promote the mental and moral qualities of the foreigner, if manufacture was denied him ? Nothing. But the foreigner would gain by the English demand for corn. How much corn did Cobden anticipate would be imported into this country ? Two millions of quarters was the utmost to which he could look forward. Our demand for foreign corn before free trade was thus, as compared with our present one, inconsiderable.¹ But what were we to gain by the increased export of our manufactures ?

Now, he said both peoples would gain ; but we

¹ But Cobden stated such a demand would stimulate our manufactures ; for if we import a complemental supply, we must pay for it in manufactured goods. As matter of experience, such demand does not under all conditions (*e.g.*, of an unequal free trade) produce stimulation. The facts are these : The importation of corn has increased to 16 millions, but its price has decreased. Our exports continued to rise when imports were moderate. They have become stationary when these imports are excessive.

think it has been proved that the manufacturers of this country gained much more than the foreigner during the early period of free-trade action. The respective gains were therefore very unequal. But had our manufacturers by a universal free trade been enabled to maintain their supremacy, then the manufacturers of foreign countries would have been confined within a very small circle. And what would be the consequence ? Their towns would not grow at a natural rate, if they grew at all ; their civilisation would be impeded ; their chances of affording each individual of the community that "natural" opportunity of directing his talents into their natural channel would be restricted. He may have an original genius for facilitating the production of a certain trade, but he cannot apply his talents to the benefit of his own country, because that trade has no existence there.¹ But it is clear that the range not only of the satisfaction of disposition, but also of the practice of ingenuity, is contracted when certain industries are denied a nation. Is this a true gain, then ? To have burdens placed in the way of their efforts to work out their civilisation ; to have limits applied to the dispositions which men evince for this or that particular kind of employment ; to restrict the number of industries, and therefore the amount of ingenuity of a nation,—How is this gain ? we ask once more.

Other nations have not thought it to be so ; and they have, naturally enough, afforded each member the fullest scope in the satisfaction of his disposition, and

¹ He must migrate to some other country, and thus to obstacles already existing there will be added a new set.

the ingenuity of the nation the largest possible field for its application. It is thus that protective nations conserve all the interests of their people. Suppose, if a future Arkwright makes some great discovery in the development of the silk trade, is this nation to make a present of it, on free-trade principles, to the Frenchman, because he can utilise it to greater advantage than the Englishman; but, worst of all, because, in the end, we can have our silks at a cheaper rate? How was this country developed, unless it has been by the ingenuity of some few of its members, and by the useful discoveries they have made? Can we hope to progress as rapidly when we have contracted the field for the display of that ingenuity? When one industry has reached its acme of development, we might have been so circumstanced that a second, younger, and less stable industry might, through a similar impulse afforded to it, as ingenuity succeeded in advancing the growth of the former, have rapidly assumed its active character and growing tendency. Thus might there have been a transfer of activity; but the opportunities for such a transference free trade has practically destroyed.¹

§ 16. Final results of the artificial demand induced by free trade.—To return to the indirect action of free trade. What was it that the manufacturers created when they succeeded in abolishing the Corn Laws? An artificial demand. Why was this demand an artificial one? Be-

¹ *I.e.*, free trade working unequally. With universal free trade we should derive advantages as well as the foreigner. Under a system of free imports the advantages are all on his side. He protects "young and growing" industries. We have lost ours.

cause it was over and beyond what the foreign markets required of the English manufacturers. How was it induced? By underselling the foreign manufacturers. Thus the manufacturers desired to increase their supplies. But if they undersell, they must produce at a cheaper cost than before,¹ and so the Corn Laws were abolished. They gained the day, and the demand from foreign markets at once became surrounded with dangers. The Englishman had robbed the foreigner of his share of the market; but that share the foreigner could very easily gain back. And it was just the temporary character of this part of foreign demand that gave it its artificiality. It was not a permanent one. But the other constant demand was permanent; it had been permanent up to the very day when the repeal of the Corn Laws was effected. The English manufacturer, not content with this constant demand, required an increased one. He exchanged a secure market for an uncertain one. Now, observe what happened. The foreigner put into operation forces to resuscitate his paralysed industries. But the very means which enabled him to gain back what had formerly been plundered from him, invested him with the power of rapidly reducing what, up to that time, had been a constant demand. Now it was in this that the danger resided.

¹ The price might also have been reduced by a diminution in the cost of transit. Had free trade not been introduced the price of manufactured goods would have fallen, owing to the action of this force alone. As it turned out, two forces determined that prices should fall—cheap bread and cheaper conveyance. But the money value of commodities underwent, at the same time, an increase, owing to a greater quantity of gold being in circulation in 1850 and after.

But the manufacturers of this country complained of the rivalry they were experiencing on the part of the foreigner. And this was the friendly way which Cobden advised should be taken to put an end to that rivalry. The complaints of the manufacturers, it is certain, were unfounded at that time. The state of the export trade proves that they were so. But they might have had some future misgiving with reference to the security of their foreign markets. Perhaps they were anticipating dangers, and preparing to counteract their influence. But whatever they feared or strove to win, they made conditions favourable for the increased activity of the foreigner's trade.¹ And who is to blame if the constant demand, under protection, for their manufactures has become *so seriously* reduced under free trade?

The reason is plain, therefore, why we call the demand induced by free trade an artificial demand. It was probable from the very first that it would vary. The event shows that it has done so; and by this time it has nearly disappeared in some countries.

But this artificial demand caused an increased market for our goods abroad, which led to an increased production at home. The consequent increased circulation of the trade markets was associated with increased profits to the British manufacturer, and increased employment and better wages to the British labourer. (We must remark here, regarding the rise in the wages of labour, that more influences than one existed to raise them:

¹ They supplied other nations with the stimulus of more fully providing for themselves, in order that they should not be supplanted by British manufactured goods.

there was, 1, the alteration in the currency, already noticed—and 2, the gold discoveries; both these acted in conjunction with increased demand for labour.)

There was, therefore, between free trade and prosperity, the intermediate state of increased circulation. That such is the fact, and we think there can scarce be a doubt of it, is proved by the following circumstance: when the trade markets of this country began to get less active, then prosperity became diminished. We produce, it is said, exactly the same amount to-day that we did five years ago. There ought to have been an increase, if we are to provide for an increasing population; but this increase may, for present purposes, be left out of consideration. The markets are stagnant. Why? Because profits are low. The British manufacturer can no longer grow rich upon monopoly prices, for his monopoly has been taken away from him. Why are his profits low? Because he is undersold by his foreign rivals.¹ There is no increased circulation—the rather is trade circulation depressed. There is no prosperity. For there is no constant demand for our manufactures, as there was in the days of protection; nor fitful demand, as during the first twenty years of free-trade operation. But the free-trade principle is still acting. If prosperity be a direct result of it, why are we not prosperous? Let us see, then, what are the direct effects of free trade. The chief one exists in the tendency to lower prices.² The price of corn tends to

¹ Yet free trade was to make him compete better with his rivals—p. 180.

² In direct opposition to what Cobden stated, p. 73, free trade was to enlarge the circle of exchanges, by which means prices were to be sustained. He accused Sir Robert Peel of being unstatesmanlike in

fall, because a superior amount imported from abroad determines that it shall fall. And with a fall in the price of corn, the corn land goes out of cultivation. But why does not the price of butchers'-meat undergo a similar fall? The reason is, because the English master-butchers have a monopoly of the market, and by common consent they determine that prices shall be as high as the people will bear them. But this is unjust; this was never the intention of Cobden, you will say. But then Cobden did not foresee "all" the events of his complicated policy. Could he have unravelled them all, we think he would never have considered it in the light of a boon to the working classes to have, by the same process which makes their bread cheaper, their butchers'-meat made dearer, and other agricultural produce in proportion. The gain to be derived from such a change is hypothetical. But with this displacement of the scales, let us consider the number of workmen which free trade has sent out of employment. It is a lamentable fact that the agricultural labourer has been divorced from the soil. Then in what does he gain? You will reply, if a free-trader, Oh! his labour will be diverted from less to more remunerative sources. Then, as protectionists, we ask you, Where is this more remunerative employment of which you speak? How do you explain the circumstance that there are so many unemployed labourers at the present day, if these remunerative occupations exist?

Thus, from the lowering of the price of wheat, we see,

attempting
not think
articles o

prices by the tariff of 1842. But Cobden "did
the reduction of one farthing in the pric

as a direct result, the land going out of cultivation and the accumulation of unemployed labour. And, in addition, there exists another phenomenon which can be directly traced to free-trade action. Competition, so much feared by the manufacturers of 1840, induced by our partial free-trade system, has at last become unequal. The manufacturers have already felt that it is so. They are beginning to acknowledge it. They cannot produce nowadays as cheaply as the foreigner;¹ and, besides, the latter has the advantage of a duty on his rival's produce, and a bounty, when requisite, upon his exports. The disadvantages of our manufacturer are accumulating; but the surroundings in which he finds himself are of his own making. Is it the fact that, at the present day, the foreigner undersells the English merchants in their own market? How is it to be harmonised with Cobden's prediction?²

The influence of over-speculation was, in Sir Robert Peel's time, paramount in the causation of distress. But with a change in surrounding circumstances, new causes of distress appear. We would, then, invite our free-trade opponents to inquire into—

1. The cause which sends land out of cultivation, and whether this effect was "predicted" by Cobden, or desired by him; and,

¹ In spite of bread being cheaper than even Cobden anticipated it would be. This is marvellous. "Whenever," Cobden said, "you find bread cheap, you will always find labour prosperous," p. 129. But he argued from protective experience. He is in error, however. Occasionally depression existed along with cheap bread.

² He stated that the manufacturers did not seek a law to enhance the profits of their business, and that they did not fear foreign competition.

2. The cause which checks the growth of our manufactures by making competition unequal.

And lest they should be still zealous of meeting some of the difficulties which remain with protectionists, we would ask them, what the cause was which interfered with the assumed stimulating influence of free trade between 1845 and 1850? Do they think that it was fettered in its action by the fixed duty for three years (1846-49)? Or was it because there was not gold enough in the world to raise prices and stimulate industry? With reference to this inquiry we would particularly call their attention to the state of the export trade in 1849-50, when the duty on corn for all practical purposes no longer existed,¹ with its state in 1850-51. The difference is considerable. How do they explain it?²

¹ It was reduced to a nominal duty of a shilling a quarter.

² The increase in the amount of gold in circulation was associated with a rise in the money value of commodities. It is easy to perceive that when the circulation of money is largely increased, its distribution, provided it can be employed with profit, reaches all the various labour markets. It creates a demand, which reacts upon the employment of capital.

CHAPTER VII.

DEMAND IS "NORMAL" OR "ARTIFICIAL" ACCORDING TO
THE NATURE OF THE CIRCUMSTANCES INFLUENCING IT.

"In such a year, there was a stringent Corn Law passed for the protection of agriculture. From that time, agriculture slumbered in England; and it was not until, by the aid of the Anti-Corn-Law League, the Corn Law was utterly abolished, that agriculture sprang up to the full vigour of existence in England, to become what it now is, like her manufactures, unrivalled in the world."—RICHARD COBDEN (p. 115).

COMPARISON OF RESULTS OF SHUTTLE-DISCOVERY WITH THOSE OF RAILWAY DEVELOPMENT—INTERACTION OF CAUSE AND EFFECT IN ECONOMICAL PHENOMENA — THE PUBLIC DID NOT GET ITS DUE SHARE IN THE ISSUE OF THE IMPROPER CURRENCY (BEFORE 1846) — DID LABOUR DERIVE ITS PROPER SHARE FROM THE COMBINED OPERATION OF THE RAILWAY, THE GOLD DISCOVERIES, AND FREE TRADE? — SURROUNDING CONDITIONS OF OUR ISOLATED FREE-TRADE POLICY MODIFIED BY OTHER NATIONS—PROOF THAT FREE-TRADE DEMAND WAS "ARTIFICIAL"—DIFFERENT VIEWS RESPECTING THE FRENCH TREATY—COBDEN APPEALS FROM THE PEOPLES OF THE WORLD TO THEIR RULERS.

§ 17. *Stable forces in operation to extend our trade other than the insecure free-trade principle.*—Had the influence of the railway system operated alone, as one of the means of increasing the circulatory activity of the trade markets, and therefore tending to raise the produce of these markets, some such a state of things

would have ensued as follows, according to the ideal free-trade interpretation of economical phenomena.

You suppose that all demand is not sufficiently satisfied when the cost of transit materially influenced the price of commodities. It is easy to perceive that when the conveyance of goods is carried on with difficulty, a force is in action, (1) to restrain the production of goods, and (2) to raise their price. For the purchase of goods is thus limited to a small section of the community, able to afford the price of a contracted market. But expand that market, and what happens? The presumption is that the supplies are now greater than the former demand. A consequence which leads to a reduction in price. Thus, for the same amount, the original purchasers can get more of the goods they want: and obviously the reduction in price brings the articles within the sphere of all those whose inferior means permit of their buying at a lower rate. The reaction of the lower price, originally induced by facilitating transit, is seen in the increased demand for goods. And supplies continue, till they become *more or less* equal to the demand.¹

Now this increased production is carried on at the expense of the labour interests concerned in it. When steam was introduced, the amount of labour displaced was very considerable. The profits thus accruing to

¹ The free-trade doctrine is that supply is equal to demand. This is obviously an ideal assertion. In practice, at no time is supply equal to demand or demand equal to supply. The proof of this is shown in the fact that when but a limited amount of any commodity is produced, the price of it tends continually to increase, from competition amongst buyers. The glutting of the markets also proves its falsity in practice.

the manufacturer became greater. For although he sold at a smaller price, it must be remembered that he produced, under the new conditions, ever so much more than at first, and that the cost of production diminished.¹

But the railway is the means whereby the manufacturer is enabled to increase the production of his goods, by bringing the consumer into a nearer relation with him. It is a fact in economics that exchanges tend to increase, the nearer you are brought into communication with the source of production. The railway, therefore, absorbs a certain proportion of the price of the commodities. It is smaller than the original cost of transit, but it becomes of greater amount as the volume of goods conveyed increases. By the introduction of the railway system, labour was thrown out of employment. That labour, however, was absorbed in the promotion of the very instrument which sent it into disuse.

But in the increased production which befalls the manufacturer, whence is he to derive the increment of labour necessary to that end? From all the unoccupied labour of the land. According as that is small or great in amount will be its influence on the advancement of wages. So long as there is a demand for labour, wages must tend to rise. They will rise when its supply falls short of the demand for it. There was thus in operation a force which tended (1) to increase the productive powers of the country, and (2) to raise

¹ Regarding the rapacity of manufacture, it cannot be denied that cheapening bread tended to reduce wages. This reduction was counteracted by a demand for labour, induced by steam. But this counteracting influence was withdrawn when the agricultural labourers thrown out of employment increased the supply above the demand for labour.

the wages of labour. Such a force enabled the manufacturer not only to sell more of his goods at home at a smaller price, and with greater profit to himself, but it also assisted him in his endeavour to maintain a sound supremacy over foreign and neutral markets. Just as he could afford to sell at a lower price in the home markets, so could he reduce prices in external markets, and thereby compete more favourably with his foreign rivals.

What more, then, we are tempted to consider, could the manufacturer desire? He had an enlarged sphere of operation, and he possessed a certain means of maintaining his hold upon that sphere.¹ That is to say, "certain" in so far as the nature of his surrounding conditions warrants the use of this attribute.

Was it possible, under the new condition of facilitating transit, for him to sell his goods cheaper at home, and to acquire a larger market abroad? Could both these desirable consummations have been effected under the influence of protection? We have but to go back to the introduction of the shuttle and the new methods of cotton-printing, to observe the effect of *an increased production* on the prosperity of the community at large. The beneficial results of these discoveries

¹ It was said, we think by Lord Melbourne, that the Government had nothing more to give after the repeal of the Corn Laws. It seems a pity that the agitation for free trade should have preceded the development of the railway system. But, the agitation once begun, for the leaders to preserve their dignity they had to go on with it. The question arises whether the influence of the railway upon the development of trade was properly considered by the free-traders. If so, then it is very clear that the manufacturers were cognisant of the fact that they had a double force working for them—one immediate, the other remote.

were developed under a protective code, and while the one set of improvements increased trade circulation by making its channels broader, the railways acted by making those channels longer. The action of the "shuttle" was upon the seat of production itself; it directly effected an increased production. But such an increase, though it extended the channels of circulation, did not suffice to satisfy the wants of an increasing population, and of an increasing external demand. While the railway, by promoting circulation, not only accomplished this end, but likewise reacted indirectly upon the sources of production.¹

By the comparison of these two phenomena, one of which happened during the reign of protection, and the other acted in conjunction with other forces during free trade, the reader can very readily ascertain what would have been the single effect of the railway under a protective system. It will be observed that the discovery of the shuttle, as also the invention of the railway, was followed by two consequences, which interacted each upon the other. Both caused increased production and increased circulation; but each operated in a different fashion. The introduction of the shuttle caused a direct increase of production, and an indirect increase of circulation; while the invention of the railway caused a direct increase of circulation, and an indirect increase of production. And both of them tended to satisfy a normal demand; for by a "normal"

¹ It is important to notice in economical phenomena the interaction of cause and effect. An article is cheapened because more of it is produced. Demand for it at once increases, and this increased demand leads to a further increased production.

demand, we mean that sort of demand which was fairly open to the energies of our manufacturers to supply, and to supply by reason of the favourable character of their surroundings, for an indefinite length of time.¹

But it appears that the British manufacturer during the free-trade agitation was under the influence of a demoralising power. Now, whether his demoralisation was founded on a just view of what was going to be the course of events in the future, or whether his affected danger was magnified to further his own aggrandisement, is a problem which must be left to each individual to determine.² But it is impossible, in analysing all the various motives which converged towards free trade, not to take into consideration, even for the moment, the selfishness of the manufacturers. The selfishness of the manufacturer may or may not be exaggerated; but the manufacturing interests of this country, like all the other interests—or, we should be more correct in saying, what remains of many of those interests—is a self-interested one. This self-interest was advanced by

¹ This "normal" demand under protection (as the main principle of conducting our commerce, the minor forces working under it being the various means of making trade more free) is to be contrasted with the "artificial" demand induced by our partial free-trade system for a time. Regard this demand comprehensively—*i.e.*, over a lengthened period of time—and its tendency was to increase "under protection." It has been checked by free trade.

² For the evidence is conflicting. Cobden averred over and over again that it was not the intention of a free trade in corn to lower wages, in opposition to Lord Stanley. The manufacturers, he asserted, must be a most besotted class (p. 103), did they mean to do such a thing. In addition, the great agitator said that it was not his object to lower prices, but to maintain them and keep them steady (p. 73). We know he anticipated the price of wheat would remain at 50s. (p. 71).

the development of the railway system. Nobody could with honest intentions convict the manufacturers of obtaining an undue profit from the facilities thus afforded to the transit of their goods. Nobody, we assert, could honestly convict them of using any unfair contrivance in acquiring more than their proper share of the prosperity which railways induced, because all the community gained in the process. But self-interest abuts on selfishness ; and if in the pursuit of purely selfish views the manufacturers forced an artificial development of their own industries, so as to create a purely artificial demand abroad for their increased produce, while they left the subsequent progress of those industries to the caprice of fortune (whose smile sometimes betrays), then we think that the charge of their being impelled by a selfish motive is substantiated.¹ It rests upon three considerations :—

1. The progress of our trade had been uninterrupted, and from the beneficial action of the railway, was certain to be improved ; but it must be remembered, the rates of profit under the system of protection would have continued normal.

2. The British manufacturers entertained the notion that their foreign rivals were becoming more dangerous.

¹ The influence of the following two motives must be carefully separated. "Self-interest" was advanced by the railways. The selfish ends of the manufacturers, promoted by a free trade in corn. Now it is possible that, in the final object to be attained, both these motives were put into action ; but that, in the explanation of the means to bring about prosperity, one force was suppressed, and the material wellbeing of the community ascribed to the influence which pandered to the aggrandisement of manufacture. (The discovery of gold had not yet intervened to complicate the result.)

Was this based upon fact? Was an imaginary economical danger converted into a political lever wherewith to raise the platform of their own prosperity?

3. There appeared the opportunity for the British manufacturers to swamp foreign and neutral markets with their goods. In this process the vision of boundless profit arose. To realise it, sacrifices were necessary. Did the manufacturers in their analysis of contingent events weigh the inevitable results of such sacrifices with reference to the patriotic conclusion of what was best for the nation as a whole? Or did they leave the rest of the community to take care of themselves, and, regarding their own interests only, decide upon a selfish course?

Cobden himself believed that the interests of manufacture and agriculture were opposed under the protective system. Can we say now that the principle of free trade has enabled them to work harmoniously together?

Such would have been the influence of the railway had it acted alone. And the effect of the gold discoveries, in increasing the circulating medium, was to create a more robust state of the money market. More money being in circulation, it would naturally tend to open up the remotest channels. As consequences of this increased tension, prices rose, and enterprise was stimulated.

But nobody, however, could have predicted the gold discoveries of 1850. But the consequences of the railway system could very well have been anticipated,¹

¹ When free trade began to be advocated, the development of railways had not reached any considerable extent.

and it seems strange that Cobden should have entirely ignored the immense benefits certain to accrue from it. As he set himself to teach the House of Commons the elements of political economy, such ignorance appears marvellous. And, of course, it is open to any one to charge him with an affected ignorance while he was pursuing those tactics, which not only embraced economical, but political and social phenomena as well. We have his own evidence for the fears he entertained during the revival of trade in 1842. And he expressed his gratification that the return of prosperity had not influenced one jot the faith which the labouring classes had in the correctness of his economical doctrines.¹ In spite of returning prosperity, the people (as he averred) kept on his side, while it also had the important effect of recruiting the funds of the Anti-Corn-Law League.²

We adduce some of the means he employed to strengthen their faith. The prosperity which has just come round, he said, was a fictitious prosperity. It was not a lasting prosperity. The prosperity under a free trade, he promised them, should be permanent. Can there be any doubt that he was driven to so false a contrast of these respective prosperities by his all-absorbing passion for the virtues of free trade? or that he continued to use such extraordinary means to maintain the people in the faith because he was fascinated by the vision which appeared to him of the regenerating

¹ On this occasion he offered the opinion that the prosperity which the nation enjoyed was not a real, but an artificial prosperity.—Cf. pp. 7 and 19.

² P. 128. This was limited, however, by Cobden to the north of England.

influence of a universal free trade?¹ The manufacturers were haunted by the vision of wealth; Cobden was spurred on by the dream of a better state of the affairs of the world, to be induced primarily by free trade. And it is curious, that neither of them had the interests of their country singly at heart. For we have it, on Cobden's own authority, that there was not one of the manufacturers, in 1837, but thought that free trade would destroy agriculture.²

But, in spite of their original opinion, the manufacturers pursued their own ends without regard to the adverse influence of their policy upon agriculture; while Cobden, in his endeavour to fraternise nations (which, as it seems, have not been attracted by the gentle insinuations of the free-trader), left his country's trade upon a dangerous, because insecure, basis.

His final object, however, was a meritorious one. It was nothing short of destroying the springs of war. Meanwhile, in the first step which is being taken towards this goal, the free-trade nation is nearing the brink of ruin. But perhaps the free-traders, who are also cosmopolitans, look upon this disaster with equanimity, and as if it were in the ordinary course of events, because it is an effect of free trade. And the free-trade principle, in their hands, is sacred.³ "It

¹ In this connection, let us remember the influence which the people of all countries were, in Cobden's opinion, to possess upon the powers which ruled them. It is well known that Cobden visited the United States and France. What was the effect of those visits? Did the cause of universal free trade gain by them?

² P. 49.

³ Cf. Cobden, pp. 187 and 188, where "free trade is something more than a remedy for present evils."

cannot do any harm to the nation, because it was intended to do good to it."

§ 18. *What the action of free trade depends upon.*—Now the free-traders may be reminded of a very simple fact known to science, that the principle of free trade in itself is just as harmless, contains as many virtues, can create as much good or evil, as any other principle, when not in action. Only do we become aware of its virtues and vices when it is brought into relation with surrounding conditions. As it is in their nature to vary, and not in that of the principle, and as they determine its action, it follows that the operation of the principle tends to fluctuate. Now all are ready to admit that the surrounding conditions of our trade markets to-day are not what they were in 1850 downwards to 1866; and hence, that the effects of the principle of free trade have changed. But if they have changed, the change must either be to our benefit or the reverse. The free-trader argues that it still acts (but with less force) for our good.¹ The protectionists, on the other hand, assert that all those phenomena predicted of old by the Tory party have come to pass; that the turning-point of an artificial prosperity has been passed; and that free trade, which is nothing more than a system of free imports, is the source of the depression of our agriculture and manufactures.² But

¹ Sir T. H. Farrer in 'Free Trade v. Fair Trade,' chap. xi.

² Lord Penzance (various articles in the monthly journals); Mr Howorth ('Times,' Jan. 7, 1886); Mr Sampson Lloyd (letters published in 1882); Mr F. T. Haggard (three letters to Professor Bonamy Price, 1887); Mr Howard Vincent (on the public platform, and in Parliament).

there is no doubt that free trade is now acting with less intensity (assuming, for the moment, the free-traders' conclusion to be correct) than formerly. Then what is the cause of that less intensity of action? Clearly, it is in the nature of a counteracting cause. What the free-traders have to consider, even on their own supposition, is not merely whether the action of free trade is prosperous, however small the degree of prosperity may be. It is not sufficient to say that free trade is not so prosperous now, for in this way you conceal the real issue of the problem from view. The real issue depends upon the relation of a less degree of prosperity now with a greater degree of prosperity formerly. This is the plain statement of the case. And the question to be considered is, obviously, whether the counteracting force, which has already caused a diminution of an unparalleled prosperity, will be able in future to destroy that remnant of prosperity which the free-traders imagine (we think vainly¹) still remains. This is the anticipation; it is upon this that you must build up a more secure policy. For the longer that counteracting force acts, and the more intense it becomes—no one can possibly deny it—the more we are losing, and will continue to lose, ground. But does the free-trader fondly hope that the intensity of this counteracting force will be arrested? Does the reader suppose that the surrounding conditions of foreign markets, and of our own even, will stand still to enable the free-

¹ The free-traders admit the existence of depression; they admit also that it is increasing. Still, even with these admissions, they assert that free trade yet benefits the nation! How do such harmonise their opinions with Cobden's "free trade to raise up a real and permanent prosperity"?

trader to trade prosperously at the expense of protective nations?¹

It is an unfortunate thing for the science of political economy that three forces, all tending more or less to increase production, promote circulation, and stimulate enterprise, should have come into operation almost simultaneously. It is unfortunate, because it is well-nigh impossible to award each force its proper share in the causation of the prosperity which ensued upon their combined operation. But if it is difficult to calculate the exact effect of each cause, it is easy enough to define generally the manner in which they operated. Everybody will agree as to the way in which the increase to the currency acted. But perhaps there will be some demur to the distinction, which we take to be a capital one, now going to be made between the operation of the railway system and the action of free trade. Both of them increased demand. But the distinction which we make between these increments to the original demand is this. The increased demand brought about by the railway we call a "normal" increase, because it was effected in a proper and legitimate way. In this it is comparable with all those discoveries which tend to increase production while they lessen the amount of labour spent upon it. But the "increase" which free trade accomplished we call an "artificial" increase. A

¹ Some countenance may be given to this hope from a recent utterance of the President of the United States. An opinion is entertained in this country that Mr Cleveland is a free-trader. The policy he enunciates is just the policy of our own Huskisson, and nothing more. It amounts to "making trade more free under protection." Were he styled a *limited* free-trader, much misunderstanding would be removed.

demand, not in the ordinary course, was created for British goods in foreign markets by overstocking them with cheaper articles than the foreigner was able to produce. Such a demand was not a stable demand. And to have legislated upon the anticipation that it would be for ever a constant and a stable demand was to legislate upon what had no foundation in any except a prejudiced fancy. The British manufacturer saw the opportunity presented to him of being able to undersell his rivals on the Continent. It turns upon the nature of this "underselling" as to whether the demand would or would not be a stable one. It was brought about, on the solicitation of the manufacturers, by an Act of Parliament which repealed the Corn Laws. By this Act the State assisted¹ the manufacturer to produce his commodities at less cost. He was therefore enabled to sell his goods at a cheaper rate abroad.

It was in this way that Cobden and the manufacturers met the real or assumed encroachments of their foreign rivals. If real, it is quite obvious that Cobden, in his endeavour to further the fraternisation of peoples, forgot, in his frenzy to reach his goal, the obligations which international morality (had he considered this branch of international science) would have imposed upon him. But the lesson which Cobden desired to

¹ To meet this true statement of the nature of the change, the free-trader asserts that prices before 1846 were "artificial"; they became "natural"—*i.e.*, reduced to the level of external markets—by free trade. But against this may be said: 1. The improper currency, before 1846, made prices unnatural. 2. On the supposition that the protective system tended to keep prices higher than they would be under free trade, how can prices now be called natural when checks are still in existence, and used by other nations, to prevent prices from reaching the level of a universal free trade?

teach, the foreigner has learnt in another way. He uses State influence; so did we. But he uses it for the purposes of retaliation. Who commenced the illegitimate procedure of underselling, with State assistance, the foreigner in his own market? It is to little purpose to say that England acted as she did to make trade free.¹ The world is not so shallow-brained as not to perceive that what England did made her manufacturers rich. And thus the lesson the foreigner has learnt from England is to make his goods cheap, not by reducing the cost of production, for that is a process which would interfere with the equitable progress of his country's internal trade, but by granting a bounty. The manufacturers of England have been foiled by the duties imposed upon their goods in the markets of the foreigner; they are undersold in neutral markets by means of the bounty system. Thus have they been checked. Under present conditions they cannot advance on the commercial chess-board. Unless they recede, what will prevent them from being irretrievably ruined?²

When, then, a new element is introduced in the conduct of our trade and commerce, unless it is a legitimate one, such as the discovery of the shuttle or the application of steam, it becomes a serious question from the very first, whether or not it may be the starting-point of a series of foreign retaliations? The merchant of

¹ The reader must calculate the different results of universal free trade upon rich and poor countries respectively.

² But recently an agreement has been entered into on the question of the sugar bounties. By means of the foreign sugar bounties, the British consumer acquired his sugar cheap. But this "cheap" sugar threw our labour out of employment. If the agreement is ratified, the price of sugar will be raised to the British public.

England asked for assistance in order that he might ruin, perhaps, the foreign manufacturer. That was in 1846. But now foreign manufacturers apply to their respective States for precisely that same assistance which the Englishman succeeded in obtaining when the Corn Law was abolished, but in a different form. They have their internal markets protected by efficient¹ duties; they are also assisted in neutral markets by means of a bounty.

What real difference exists between these two forms of State assistance? Both of them had the same objects in view. But while one succeeded for a time only, the other bids fair to maintain its efficiency so long as its principle endures. Free trade created for the English merchants an artificial demand in foreign markets; but after that demand was brought into existence, it could exercise no control over it. Foreign countries might or might not protect their manufacturing industries. Cobden thought they would not be able to develop them under the new system. It has happened that all nations (with one or two exceptions) have become strictly protective. The consequence is, that foreign demand for British manufactured goods is continually decreasing, as well absolutely as relatively.

It is upon this ground, therefore, that we base the distinction between a "normal" and an "artificial" demand.² The railways operated in a legitimate fashion

¹ From the fact that such duties have been raised during recent years, it appears that foreign statesmen lay more stress upon the employment of labour than upon cheapness of price.

² As matter of pure theory, the free-trade demand is merely an "increased" demand. Experience determines whether it shall be an artificial or a normal one. If universal free trade existed, it would be a

by facilitating transit. Free trade, on the contrary, acted by altering the principle on which our trade with foreign nations was conducted. Nothing could interfere with the improvement in our internal trade by the railway system; and the manufacturers possessed through it, had they been content with an equitable progress of their trade, a legitimate means of lowering prices and of their competing more advantageously in foreign and neutral markets. But free trade lost us all control over our industries. Thus it happens that the course which those industries shall take is dictated by the foreigner. Even under this dangerous condition the free-traders comfort themselves with the maxim that, if the foreigner can produce more cheaply than we can, we must divert our labour and capital from less to more remunerative sources. When we reach the last of that imaginary series of remunerative trades in this country, it will be time, we think, even for the free-trader to pause and consider where, after the next commercial disaster, our labour and capital are to be applied.

There is another point in connection with this distinction between a "normal" and an "artificial" demand which will attract the reader's attention. It refers to the influence of these respective sorts of demand upon the growth of our trade and commerce. There is nothing to interfere with the progress of our trade when demand is increased in a normal fashion. If we look back upon the effect of the discovery of the shuttle, we find that the whole of our manufacture was

"normal" demand; but other nations being protective, it becomes "artificial."

raised thereby to a larger volume. But though it experienced this accession in size in a shorter time than a consideration of its past advance warrants,¹ the additional increment was maintained, while the subsequent course of our trade in manufacture suffered from just the very same rises and falls which previously had characterised it. This continued till Huskisson's improvements in our intercourse with foreign nations ; and all these were based upon the system of reciprocity.

But compare the sudden increase in the growth of our trade when the three factors leading to prosperity all began to operate, with (1) the moderate increase consequent upon the introduction of the shuttle ; and (2) the alterations which Huskisson effected in our commercial code. You will observe a vast difference. This, however, is in some degree reduced when you take away the shares of the railway and increased currency. What remains properly belongs to free trade. And what the original intensity of this force was may be roughly derived from an examination of the exports between the years 1850 and 1875.²

This fitful increase induced by free trade, like all other sudden operations in nature, could not be a per-

¹ We regard this result of the shuttle discovery as a transformation. The seeds of improvement were inherent in manufacture. The bud had only to open and display the leaf.

² Allowing free trade a third part, for the purpose of illustration, of the increased exports, there is due to it £51,000,000 per annum up to 1873. In 1864 our whole trade, under protection, would have been something more than £73,000,000, and in 1869 something more than £78,000,000. This is calculated from the rate of increase of our export trade up to 1842, and does not include the advance which the gold discovery and railway extension brought about.

manent increase. You cannot expect an export trade all at once to more than double itself, and very soon to become more than quintupled, and to retain for any length of time the higher level to which it was forced from above, not gradually elevated from below. Sudden changes are foreign to the normal and stable growth of trade, just as those changes are indicative of danger in other spheres of natural operations. To ensure stability, you must progress slowly and steadily.¹ No better illustration of this principle can be afforded than that derived from the acquisition of knowledge. But the contrast of this "fitful" increase, sure to occur under free trade, with the "steady" increase under protection, was not undertaken by Cobden and the free-trade manufacturers. There was no room for contemplation of this sort in Cobden's busy brain. For his imagination led him into far different regions of thought than those immediately concerned with the safety and security of trade progress. He contemplated the supremacy of British manufactures. He believed that the world of commerce would fall prostrate before the idol of free trade which he had unveiled. He dreamt dreams of a higher and better state of things. But all his schemes were shadows; they were void of substance.² There must be always a period of transition between the origi-

¹ The sudden growth induced by free trade I compare with the growth of a mushroom. It assumed large dimensions in a short time. But the springs of its nourishment being attracted by other organisms, it decays as rapidly as it developed.

² Instead of attending to the scarcity of the sources which fed our manufactures, he merely contemplated a sudden growth. He pandered to a temporary demand, without regard to any future influence of his measure upon labour. Huskisson, on the contrary, protected the springs of labour.

nal idea or design and the object to be gained or the goal to be reached. In this period Cobden acted as if events were going to fall out as he predetermined they should fall out. He aimed at giving effect to his shadowy schemes through the instrument of international enthusiasm. He succeeded—we know well how he succeeded—in convincing part of his own countrymen, certainly not the most unprejudiced part, of the reality, and not only the reality but the absolute necessity, of those schemes. But the cloak which was held before the eyes of a large part of his countrymen was torn through by the statesmen on the Continent and in America. We now know that Cobden reckoned solely upon imaginary conditions. But it reflects upon the marvellous enthusiasm of the man himself, when he tried to show other nations what they would gain by a universal free trade, in opposition to the judgment of their leaders, which was to continue in the old groove.¹

¹ The system of reciprocity. International bargains ought to be (and they are in most instances) founded on a basis of equality. You can obtain a greater or less degree of equality under protection. Universal free trade is certain to favour the richer and older communities. Respecting the French treaty, we lay before the reader a passage from Professor Thorold Rogers's 'Cobden and Political Opinion,' p. 339. "He neither understood the bearing, nor saw the importance, of Cobden's treaty. Mr Lowe imagined that the essence of Cobden's treaty was reciprocity, and he explained reciprocity as the antithesis to free trade. Now the treaty of 1860 was not a reciprocity treaty, for France did not accept free trade in the same measure as England had accepted it. But, if it had been a reciprocity treaty, it need not have been hostile to free trade, for it is quite possible for two nations to enter into such a reciprocal obligation as involves the mutual acceptance of free-trade doctrines. Cobden's treaty was an arrangement by which a true reciprocity of free trade was made a question of time." In the meanwhile, which nation suffers the most from unequal conditions? we inquire.

They were safe in that. Where they would get, did they step out of it, they could not tell.

But if Cobden was but slightly acquainted with the science of which he was the chief expounder in his day, and which he defined more by the force of his character than by the rectitude of his arguments, he was still less acquainted with the elements of a far higher science than the science of political economy,—the knowledge of his fellow-creatures. He endeavoured to create a distrust between peoples and their rulers. He ought to have been assured that those peoples, or the bulk of them, would naturally be more influenced by the judgment of their own rulers than by the opinions of a man, however meritorious his views, however noble his sacrifice, who was nothing more or less than the self-constituted guide of the destiny of nations.

He ought to have known, at the very outset of his mission, that he could never hope to break the faith of other peoples in their governors, even if he succeeded in shaking that faith at home. What he ought to have done at first, he performed at last. He secured a treaty with France, after he had failed in persuading the United States of the inestimable value of free trade. But upon what basis? The basis of reciprocity. It was the exact framework upon which the second Pitt constructed his commercial treaty with France in 1785. It was the reflection of William Huskisson's conduct towards foreign nations. But it is magnified by the free-traders into one of the natural developments of free trade, when, in its simplest dress, it is but the development of free trade under the principle of protection.

We think that one important conclusion may be drawn from a general study of Cobden's work as bearing upon the progress of his intellect, and the alterations that intellect underwent with reference to his views of the world's affairs. That conclusion is, that Cobden's sense of the utility of enthusiasm became materially impaired. He went to work in a different fashion.¹ His primary method had borne no good fruit. Instead, now, of appealing to the people, he strove to influence their rulers in a system which should be of advantage to them. But those rulers are in the most favourable position to know what is best for the welfare of the nation whose care is committed to their charge. And it was difficult for Cobden to identify himself with that position. As matter of fact, he never really succeeded in doing so. But there can scarce be a doubt that that is the first step in conferring prosperity upon a nation. International arrangements must be mutual in the first instance, like the French treaty of 1860.

To act arbitrarily, as we did in 1846, is, then, to

¹ At first Cobden, supported by the gold of the manufacturers, obtained the adhesion of the labouring classes of Lancashire and Yorkshire. These were his strongholds. Then he appealed to the rest of the labouring community, and dangled the cheap loaf before them. But not making rapid progress, he began to use threats. The forty-shilling franchise was the lever with which he menaced the landlords. After the Chartist were gained, and the agricultural labourers deluded, Cobden was ready for a dissolution. He trusted the "intelligence" of the country. He stated the question could only be decided by a new Parliament. But the Conservative phalanx offered a very resolute resistance. It was then Cobden told Sir Robert Peel that even a dissolution, if adverse, would not influence his views upon the rectitude of his principles. What becomes of the national intelligence?

make nations more inimical than they were before.¹ Before we took that course, it was incumbent on our rulers and demagogues to ascertain the disposition of those nations which our arbitrary act would injure. But you will reply, there were pressing needs at home for the repeal of the Corn Laws. There was even danger of revolution.² But whence sprang the danger? Was it from our rulers—or demagogues, our would-be rulers? The danger was clearly made by the leaders of a deluded people. They had but to acknowledge they were pursuing either a selfish or a cosmopolitan course of policy. At any rate, the public ought to have known all the possible results of a twofold tendency. What happened? These leaders saw, as they thought, far; but they did not foresee. They abandoned the control of their country's trade. They exposed weak points. They left them unguarded, a prey to the violence of their neighbours' attacks.

¹ Our free-trade policy raised considerable alarm in France.

² From the quarter of Chartism. It is probable that the leaders of the Chartist movement were satisfied with the promises of the free-traders. Commercial innovation first; build up a free-trade party and with it carry political reforms.

CHAPTER VIII.

FREE TRADE HAS NOT EFFECTED WHAT COBDEN PREDICTED OF IT—(a) IT HAS NOT BECOME UNIVERSAL; (b) IT HAS CEASED TO BE A “GOOD THING” FOR US, IF EVER IT HAS BEEN OF ANY REAL BENEFIT.

“Capital and skill could not be compelled to remain in this country. They were certain to emigrate if impeded by burdens which they were unable to bear.”

“America, which produced the raw material more easily than we did, was manufacturing cotton so cheaply as to be driving ours out of the market.”

“If capital had not a fair remuneration here, it would seek for it in America. To give it a fair remuneration the price of labour must be kept down.”—WILLIAM HUSKISSON.¹

COBDEN HAD TO RELY UPON HYPOTHESIS, AND NOT UPON EXPERIENCE—ILLOGICAL TO ARGUE FROM EXPERIENCE OF A LIMITED FREE TRADE ACTING UNDER PROTECTION TO UNLIMITED FREE TRADE RESULTS—FLUCTUATIONS IN PRICE OF CORN AS GREAT IN UNITED STATES AND OTHER COUNTRIES WITHOUT A CORN LAW AS IN ENGLAND WITH HER CORN LAW—FLUCTUATIONS IN PRICE EXISTED IN EARLY PERIOD OF FREE-TRADE OPERATIONS (1850-1860)—COBDEN’S INNOVATIONS IN THE CONDUCT OF OUR COMMERCE CONTRASTED WITH THOSE OF HUSKISSON AND OF PITT—COBDEN’S RELATION TO

¹ Speeches, vol. ii. pp. 398, 399. Here Huskisson infers that the wages of labour ought not to undergo sudden fluctuations. For if wages experience a sharp rise, there is the reaction to be feared. When it is said free trade has been of no real benefit, reference is made to “labour” and not to “capital.”

PROGRESS OF TRADE INVOLVED IN POLITICAL AND SOCIAL REFORMS—THOROLD ROGERS SAYS, “PRINCIPLES OF COMPETITION ARE BETTER KNOWN IN OUR TIME:” YES; BY OTHER NATIONS—THE POSITION OF CHEAP BREAD WITH REFERENCE TO THE COURSE OF MANUFACTURE.

§ 19. *Fluctuations in price of corn not adverse to manufacture: tendency to lower prices under protection.*—Under protection, therefore, there were ample means, without a free intercourse in corn, in the manufacturer's power, capable of advancing more successfully the national industries. These means, too, in no way interfered with the principle which regulated our commerce, and they admitted of the same conclusions being drawn after as before their introduction. Very different was the case when free trade was developed. You could not base upon experience, for there was none. Hypothesis alone was the mainstay of free-traders. And it is a little remarkable to find that the free-trade leaders drew their conclusions as to what free trade would effect from the experience which had been acquired under a protective code.

But it may be as well, perhaps, at this juncture to remind all those who endeavour to take an impartial view of this intricate question of the following fact. The price of corn, which had previously been subject to very extensive fluctuations,¹ was tending to become steady, under the operation of Sir Robert Peel's sliding-scale. Certainly the variations of the twelve years antecedent to 1846 were not greater than those which

¹ Owing to the extensive alteration in our agriculture, consequent on the great war. Associated with these changes were many gambling transactions, noticed by Huskisson.

characterised the twelve years subsequent to 1849. Our trade was prosperous with these variations, both under protection and free trade. Thus the mere fact of a variation in the price of corn is not incompatible with trade progress.

But the manufacturers thought, or said it was, opposed to the best interests of the country. And for this end, Cobden aimed at getting a reduced but fixed price of corn. During the first part of the enormous trade which our manufacturers conducted, subsequent to the introduction of free trade, the price of corn fluctuated¹ just as extensively as under the sliding-scale. But there were disturbing causes to account for this fluctuation, exclaim the free-traders. Were there not also the same disturbing causes in operation under protection? The free-trader cannot blink the matter. Where is the difference, then? If this fluctuation in the price of corn assisted in preventing the manufacturers from extending their powers of production under protection, how could it possibly aid them when our commerce was carried on under the principle of free trade?² And yet they extended their markets enormously, and increased their profits at an unparalleled rate! It is certain, therefore, from the above consideration, that the repeal of the Corn Laws had not that omnipotent influence which has been ascribed to

¹ It is quite clear that a variation in the price of corn, within certain limits, is not injurious to trade operations.

² The average price of corn during ten years, 1830-1840, was 56s. The average price, 1850-1860, was 54s. That is to say, so far as the low price of bread was concerned, the labourer gained something less than 2s. during the year. And yet Cobden asserted that the high price of bread prevented labour from being occupied.

it in the induction of prosperity. What was the amount of influence which it had, in effecting the increase of trade prosperity, is a problem which must be left to the free-trader to solve.¹ It is quite clear to those who advocate protectionist views, that its influence could only become apparent when the price of corn actually became reduced, and continued to be reduced; but the attentive reader will observe that, when the price of bread in this country began to decline, our whole trade tended to become stationary. Under the circumstances, undoubtedly the reduction in the price of bread was a boon to the manufacturer who found his hold upon the foreign markets becoming less firm. If, however, the careful observer proceeds further, he will find that, with the continued decline in the price of corn, the trade of the country has already become, and is still becoming, less and less remunerative.

The abnormal state of commercial affairs referred to by the Royal Commission appointed to inquire into the present depressed state of trade is this—while the volume of our trade has remained stationary (there is no reference to the increment in it corresponding to the annual increase in population), its value has progressively diminished. But what is this sign but the prelude to the reduction of the bulk of our industries? Prices fall: there is less incentive for the enterprising manufacturer to increase his productions; and if he cannot find a remunerative market, he diverts, according to the free-trade doctrine, his capital from less to

¹ It is important to observe as well, that during the Crimean war, when the price of corn was considerably raised, the increase had no depressing influence upon our export trade.

more remunerative channels. Is it the fact that these channels are to be found in a free-trade country ? How do the free-traders explain the increasing circulation of British capital in foreign countries and the colonies ? But this fall in prices, exaggerated, certainly, by other influences which spring primarily from the original cause producing the fall, is to be regarded, not absolutely, but relatively, with reference to the sequence of events in which it forms at present the final link.

Take this fall in prices absolutely, and explain it as being caused by one of those minor influences which only tends to exaggerate it, and you arrive *apparently* at a *true* solution of cause and effect. But in this process a very common error is committed. There is an extensive effect. There is but a small cause adduced to account for it. It is impossible, therefore, not to run into serious misapprehension, when you do not make accurate and careful observations. Much the same sort of mistake is committed by those who account for the depression in our trade by means of the "excessive" railway rates.¹

But it will be admitted that such is not a scientific procedure, however much it may be prompted by party and prejudiced views. When the free-traders avoid the comprehensive study of the subject of the present depression ; when they grasp at false explanations, which

¹ The manufacturers made great profits when these rates stood high, because demand for their goods was brisk. But Sir T. H. Farrer says that simultaneously with the growth of manufacture in other countries, there is a corresponding decline in our own. Demand has been reduced. And it seems that the rates are to be reduced to permit the free-trader to compete with protectionist manufacturers in neutral and home markets.

suffice only to convince those who are free-traders by tradition ; when they distort facts, and adduce partial and minor causes ; when they shun the consideration of principles of action or forces created by free trade, and rely upon a series of statistics, which are dexterously managed so as to mislead,—then the impartial observer discovers the weakness of a position which they strive to conceal from the public view.

But you cannot take this “ fall in prices ” absolutely, and reach the true cause of depression. The rational treatment of the argument is paramount even to free-trade sophistry. Thus it becomes essential that you take this phenomenon of the fall of prices relatively. You must consider the sequence of phenomena in which this fall in prices holds a place. And not only is it necessary to comprehend this sequence, but you have as well to reflect upon all those causes which determined the various phenomena in it. You will then be in a position to ascertain the true cause of the last link in that chain of commercial events which ends in a “ fall of prices.” Nor will this be the termination of your labours. You have discovered causes in operation which have produced a fall in prices. And that fall has been progressive. But those great causes are still acting. And if they continue to operate—as it is certain they will—what will be the final result ? It is thus that you can predict the appearance of the next succeeding phenomenon. After the fall in prices, there will appear a diminution in the bulk of our trade. It is a question whether or not that diminution has not already appeared. But for the purposes of this argument, which relates to the discovery of the true cause or

causes of the fall in prices,¹ the appearance of this phenomenon is of no moment. If it exists, it merely points to the fact that the cause of the distress is increasing in intensity. But from another point—the welfare of the country—it is all-important.

Now it becomes matter of controversy to ascribe any and what influence to a free intercourse in corn as the cause of the prosperity of the manufacturers. We are inclined to the opinion that the causes leading to that prosperity were already in operation before the Corn Laws were repealed; and the effect of an increased and normal currency, in raising prices and stimulating enterprise, still further tended to magnify the effects of those causes, and to increase the profits of our merchants. Were the beneficial effects of the development of the railway portended? We adduce a passage from Cobden, in which he ignored, or affected to disregard, the enormous benefits to be derived from facilitating the transit of our goods.² There can be no doubt of the troubled state of the times, which, in the judgment of many, and M'Culloch inclined to this view, arose more from political than economical disabilities. It was that economist's opinion that it was more prudent, under the then existing circumstances,

¹ Of course, all prices which are more or less under the influence of monopoly are excluded.

² P. 72, where he states that 10s. 6d. a quarter is the average cost of conveying corn from Danzig to London. This, said he, would be permanent, and act as a sort of natural protection to the British farmer. Also, p. 104, where he asserts that the only obstacle in the way of manufacturing prosperity was "dear bread." He does not refer to cheaper transit. Now bread did not become appreciably cheaper till after 1860. Cobden's factor, therefore, was not in operation during 1850-1860. And still the nation enjoyed prosperity.

to allow the economical change to be effected, than subject the framework of our constitution to the severe strain which was imminent. But the absorption of the Chartist element into free-trade agitation was the turning-point. Two separate agitations—one purely political, the other free trade—were welded together. But how? By the persuasive eloquence of Cobden. It was he who pointed out to the Chartists the necessity of attending to their material welfare in the first instance. First let them acquire material prosperity, and their political wants would be satisfied in course of time, and by the same instrument, too, which, he said, would ensure their prosperity. But the whole of Cobden's political economy is wrong.¹ He started upon a false assumption, and raised a superstructure thereon, well pleasing to the intellectual eye of the people. The more fascinating his invidious illustrations, the more popular he became. And it was essential he should maintain his place in popular favour. That he thoroughly believed in the efficacy of free trade to consummate an everlasting prosperity, and to effect that communion of cosmopolitan interests which was to destroy for ever war-like tendencies, there cannot, we again repeat, be the slightest doubt. A man who occupied so high a position as he did in the estimation of the public—

¹ It is false to assert that high rents are the cause of high prices. It is false to assert that the Corn Law was a purely selfish law, in favour of the landowners. We are in a false position now. For other nations, according to Cobden, were to become free-traders within five years. But his calculations referred to what would happen “if his assumed events fell out.” They have not fallen out. Our present experience of free trade is absolutely opposed to what Cobden anticipated of it.

though popular favour is capricious: he was turned out of the representation of Stockport at the general election of 1857¹—must needs cast about for all possible evidence to warrant the trust thus shown in him. And in the extraordinary delusions which were entertained as to what was cause and what effect, and how prosperity was brought about, he had ample scope to give his favourite principle a prominent place. The very passion of the man overbore the quiet arguments of those who attempted to take an opposite course. He denounced them as enemies of the people. As for themselves, they were sowing the seeds of their own destruction; and the people would remember their tyranny, and take vengeance on the day of reckoning. And when prosperity happened, as Cobden had predicted—when men were more concerned in the accomplishment of their material wellbeing than in the method by which it was induced—they became deaf to all other but Cobden's voice. He had been first in the field; he had gained the popular ear, and it seemed useless to try to dispossess him of it. But the attempt was made. With what effect is well known.

And thus it came about, from the intermixture of the effects of different causes, that Cobden was enabled to point to free trade as the sole cause of prosperity. Wages rose, just as Cobden had predicted. Our foreign trade extended in a degree beyond what Cobden had anticipated. The Manchester school was for the time

¹ Professor Thorold Rogers, 'Cobden and Modern Political Opinion,' p. 112. "It was infinitely more creditable to Cobden," says this writer, "that he lost his seat at the general election in 1857, than to Lord Palmerston that he was able to secure public support for the affair of the Lorcha."

triumphant. But the price of bread did not suffer any serious fall, though the effect of competition was at once to send poor land out of cultivation. And rather than a drain of gold occurring, the Bank (1850) held more bullion than during the palmiest days of protection. Why? Because capital was withdrawn from agriculture. The circumstances, indeed, were fortuitous. It remains for a subsequent generation to recognise the fact whether Cobden was or was not self-deceived.

If, as we believe, a free intercourse in corn did not at once assist the British manufacturer in extending his markets, then in that period during which the price of corn fluctuated as it did under the sliding - scale, its action must have been superfluous.

If the repeal of the Corn Laws did not at first really¹ benefit the manufacturer, if it came to his assistance afterwards, it is requisite to inquire under what conditions. Now it seems to be the case that it could benefit him only when his profits began to diminish, and when he was therefore compelled to reduce the wages of his labourers. If, then, this was the only assistance it could afford him, and it cannot be regarded as a very substantial assistance, let us see what were the disadvantages ensuing upon the abolition of the Corn Law. It permitted the entry of as much foreign corn as could be sent into our markets. It introduced a dangerous tendency, for the welfare of agriculture was threatened.

Now it was impossible so large a quantity of corn

¹ There can be no doubt that the repeal of the Corn Laws benefited the manufacturers from the very first. But this benefit was purely a selfish one. The Corn Laws were ostensibly abolished to enable the manufacturers to compete more successfully with their rivals. This the repeal did not effect till profits began to decline.

could be grown abroad as to disturb the prices of the home markets immediately, though there was a shadowing forth of future events in the excessive importation of corn in 1847 and 1849. The effect of a free trade in corn upon our markets would be gradual. It could not be otherwise. For there were many difficulties to be overcome before any very large quantity could be annually poured into the country. There were the difficulties of the cultivation of new soils; but they were moderate. There were also difficulties imposed by the cost of transit, not only from the interior of corn-growing counties to the seaport towns, but also from these towns to free markets. These were more serious, but they could not be considered as constant: though Cobden argued from a belief in their constancy, and thus arrived at the conclusion that foreign imports of corn would not prevent home-grown corn from being sold. For such was not the object of a free trade in corn (p. 53). But they have become reduced, as improvements have increased. We have M'Culloch's evidence that there was no limit to the production of corn in corn-growing States. There is evidence on record to show that the cost of transit varied indirectly with the demand. Cobden, following M'Culloch, put the cost at 10s. 6d. a quarter. Opposed to this we adduce an authority which states that, if the demand became constant, 4s., or even 3s. 6d., would be a remunerative price.¹ But the alarm having been raised that our agriculture would be at once destroyed,² the fact

¹ Calvert Holland, M.D. Analysis of Mr Fawke's Address to Land-owners of England. Ollivier, Pall Mall, 1841.

² This, of course, was an exaggeration. But it shows clearly the fears entertained at the time by the protectionists.

that our oldest industry was enabled to continue in a fairly prosperous state (though, as a comparison of statistics shows, a certain amount of inferior land went out of cultivation), went against the protectionists and strengthened the views which were held by Cobden, and still entertained by his successors.¹

But the fact is equally patent that both sides took an erroneous course. The free-traders, on the one side, argued from the data that were before them, that no adverse force was then in operation. But they did not consider that the amount of competition which they put into operation might become so powerful as to exercise an adverse effect. The protectionists, on the other side, took an alarmist view, and predicted the certain ruin of our agriculture. Both the free-traders and protectionists were partly right and partly wrong. The free-traders were right when they asserted that there was no immediate cause for dismay ; but they were wrong when they neglected to take into consideration the growth of tendencies which the repeal of the Corn Laws directly created. While the protectionists cut a sorry figure before the public by crying out, “Ruin, ruin !” when there was no ruin, nor any immediate prospect of it. In the midst of such conflicting opinions, what was the proper method to pursue ? It was to determine all the several tendencies which the abolition of the Corn Laws was prone to bring into action ; to estimate in what likely way these tendencies might increase in intensity ; and to calculate their

¹ Even in 1850 capital was diverted from less (agricultural) to more remunerative (manufacturing) pursuits. In the process the money market became distended.

influence, at each stage of their growth, upon our own agriculture.

But Cobden at least never expected that such tendencies would become adverse.¹ On the contrary, the competition which a free intercourse in corn set up, would increase, in his opinion, the amount of home produce. We must state, in his justification, the nature of the change which he succeeded in effecting,—uselessly, if the argument we have already adduced be allowed to stand. It was the “surplus” of wheat the foreigner was to supply; not the main bulk of the food of the people. In exchange for this supply we were to give the excess of our manufactured goods. As we had more to give them than they had to give us, on this supposition we may congratulate Cobden on the dexterity which he used, and the persistence which he showed, in making his protectionist opponents understand the real character of his commercial reform. If they would only see the matter in Cobden’s bearing, they would very soon be convinced that they had everything to gain and nothing to lose. For the balance of trade would be on our side. We should be, on the whole, the gainers by the transaction, and this, in spite of the free-trade doctrine that “exchanges are of equal value.”²

If we compare Cobden’s conduct on this occasion with that of William Pitt respecting the treaty with

¹ We have already adverted to the places where Cobden states that competition was to (1) increase our corn produce by one-fourth, and (2) make England a corn-exporting country.

² If exchanges are of equal value, how is it possible that we have been able to invest the purchase-money of our exported goods in foreign investments?

France in 1785, the result is the same in both instances. Both sides were to gain. But England was, in each case, to be the greater gainer. This Pitt acknowledged; but Cobden, so far as we can learn, left the problem in the fascinating position that both parties were to gain. Had he developed that position a little further, he would have perceived that when one party gains more than the other, the increment of gain to the first is the representative of a loss to the second. But the "relative" aspect of the question was carefully avoided by Cobden. Pitt and Cobden worked towards the same end, but by different means. Pitt extended the freedom of trade, under the system of protection. If, contrary to expectation, the balance of exchange came to be against him, it was within his power to regulate the balance at the expiration of the treaty. He did not permanently lose control over the conduct of our trade. But Cobden, under the impulse of ulterior views, attained the same end as Pitt had done by another means. He abandoned the scientific procedure of making trade more free under protection, so ably expounded and put into practice by Huskisson. He ridiculed the very idea of protection.¹ He called into operation the principle of free trade; and he thereby abandoned for ever afterwards all control over the course of our trade.

How could Cobden divine that the subsequent course

¹ And he also compared monopoly with protection, and laid the faults of monopoly at the door of the protective system. All protection, however, in his opinion, was bad. Cf. Huskisson, ii. 649. The changes which "have established the principles of free trade, with moderate duties, for that system of prohibition which formerly prevailed. It is for the interest of all classes that we should substitute a system of protection for one of prohibition."

of our trade would continue favourable to us? Had he better means of peering into the future than William Pitt or William Huskisson? Was he singly interested in the progress of our trade, as they were? It appears not to be the case. By making trade more free under protection, both Pitt and Huskisson contemplated commercial advantages alone. But Cobden, by introducing the principle of free trade, had not only commercial, but political and social benefits to attain. Herein lies the difference. It explains Cobden's motive for a universal free trade. His reform affected not commerce alone, and therefore, from the very first, the commercial part of it was surrounded with dangers. For suppose these political and social alterations not to take place, as his scheme implied. Suppose other nations not to become infatuated with free trade. Then the higher and better state of things as worked out by Cobden is removed from an uncertain probability to the region of impossibility.

§ 20. Free trade does not induce equality of surrounding conditions.—It becomes incumbent, therefore, to consider what is the total effect of an isolated part of Cobden's policy.

During the first period of free-trade action a free intercourse in corn neither assisted¹ the manufacturers nor benefited the labourer. Rather, from the circumstance that the wages of labour were increased, does it appear to us that the labouring classes would have

¹ What really did assist the manufacturers and enable them to increase the wages of labour, was the railway system, coupled with an enlarged currency.

been better enabled to meet all the disadvantages which a fluctuation in the price of bread entails.¹

During the second period, when a sort of equilibrium was being effected between British and foreign manufacturers, and the former was compelled to sell his goods at a reduced rate, owing to the introduction of the protective system in some countries and an increase of protective duties in others, a fall in the price of bread was of actual service both to the manufacturer and labourer.

But observe the condition of commercial affairs which made such a fall advantageous. Was it to meet a decline in our manufacture that the alteration in our Corn Law was framed? Not according to Cobden. The repeal of the Corn Law was to assist the manufacturer from the very first. That was the intention of the repealers; and they admitted it when they were compelled to acknowledge that the consequent reduction in the price of bread (which was expected to take place immediately by both parties²) would be associated with a fall in wages. But what is the fact? The fact is, that this freedom of intercourse in corn did not come to the assistance of the manufacturer till he was in difficulties. Those difficulties were not of his own making; but they became exaggerated by the influence

¹ On this supposition, that wages in 1850 would have undergone the same increase under protection as they did under free trade, there were the means to counteract the disadvantages of dear bread.

² And the free-traders further assumed that the reduced price would remain a "steady" one. The sequence of events as portrayed by Cobden is as follows: We should get more corn from the foreigner. We thus should obtain an abundance, and we should pay for it by our manufactures. Our manufactures would thus be stimulated, while our agriculture was to improve.

of the change in our commercial policy which Cobden carried, in order to benefit the poorer classes of the country. *When* that change aided the manufacturer, and *under what circumstances*, we can now easily perceive. And the question arises, Were these adverse circumstances sufficiently foreseen? Did Cobden expect (if he contemplated the arrest in growth of our manufacturing industries) that this assistance, coming at a time when foreign nations were still protectionists, would turn the scale against them and compel them to become free-traders?

But such a supposition is without foundation; for we have Cobden's word that he believed all nations would become free-traders within a comparatively short period after the introduction of free trade into the commercial code of his country.

It appears, then, that Cobden did not contemplate any kind of difficulty in the way of the British manufacturer. Even supposing him to have pursued a tortuous course, he could not have framed a measure to counteract the evil effects of a future danger, the possibility of which he never entertained. But so far as we have been able to learn, Cobden did not examine the possible future effects of his policy, in all those varied conditions by which it might be surrounded. We know his enthusiasm in the cause of free trade was unbounded. We know, too, that he erroneously ascribed to free trade all the prosperity which ensued upon the development of the railway and the discovery of the gold-mines (p. 279). And his influence in directing popular attention into false views of cause and effect was overwhelming. In this respect he was

veritably "the man in possession." But the excitement of the times, and his prejudiced opinions (and no man can deny that Cobden was prejudiced), led him into taking an over-confident course, which a profound analysis of all the contingent phenomena with which he ought to have dealt, and a more comprehensive survey of the forces which determine the progress of nations, would have forbidden. It is true of Cobden that had he reasoned more he would have felt less of the virtue of free trade. We cannot but marvel at the audacity of the man who asserted that "England had but to commence the glorious career of free trade; when all nations, observing the extent of her prosperity, and envious of it, would straightway follow her lead." But when the same man effects a policy, on the fragile grounds that other nations are certain to pursue the same, though we marvelled at his over-confidence in the first instance, it is impossible not to censure his temerity in the next. For upon what was this certainty founded? ¹ Cobden could not believe that the internal and external conditions of any other nation in the world were in all respects similar to those of his own country. But free trade, he declared, was best for his country. Because, we presume, we wanted but little corn then (1845), and we had a large surplus of manufactured goods to exchange. A system of free markets, therefore, would redound to our benefit.

¹ Other nations had but to see the prosperity conferred on us by free trade, and they would straightway become free-traders. But against this it might be argued that free trade did not cause all the prosperity we enjoyed. And further, that though our conditions were favourable to free trade, the conditions of other nations were not adapted for its equally successful operation.

Now Cobden believed that other nations, whose surroundings were dissimilar to our own, would become free-traders, when they saw the prosperity which the new principle conferred upon us. It is requisite to pause awhile and ascertain whether Cobden's conclusion was a strictly logical one.

We do not desire to detract from Cobden's honesty and sincerity. A man may be ever so prejudiced,¹ nor may he be on that account any the less honest and sincere; though, if he is called upon to guide, this prejudice will cause ruin to the nation. Now Cobden's idea of a universal free trade was this,—that the natural productions of a given country would thereby be stimulated into greater activity. But some natural productions of some countries are inconsiderable. How are these going to stand against the invasions of their stronger and more wealthy neighbours? They must till the soil, the British free-trader will say. How, then, are they going to progress?

At the first step Cobden did not perceive the excessive inequalities which a universal free trade would effect in the condition of nations. But you only require a certain degree of inequality in order to progress. Increase that degree and what happens? Instead of furthering the aspirations of a people, you crush them.

¹ How Cobden's prejudice against the landed proprietors arose is matter of obscurity; but we know that some attempts were made in Parliament to reflect upon the honesty of his proceeding, in the early part of his career. In connection with the conservation of weak and growing industries, *though natural ones*, this is what Professor Thorold Rogers says, *loco cit.*, p. 308: "We have no wish to preserve that which cannot bear the healthy climate of pure competition."

In such an altered state, and having so great advantages, England would reap the larger part of the reward of free trade. And this, without a doubt, was foreseen by foreign statesmen.

These statesmen were in the best position to judge of what was most favourable to the advancement of the people committed to their charge. They saw that the internal and external conditions of their countries were in nearly all respects dissimilar to those of England, the pioneer of manufacture. To argue from the basis that each had natural productions, and these productions would be stimulated by free trade, appeared to them inappropriate to the exact state of their circumstances. The equality into which they were brought by the usage of the phrase "natural productions," was only an apparent one. It was based upon a verbal description, and not upon the facts in existence. These facts had reference to the magnitude of, and moral influence exerted by, some natural productions. For not only would they be absolute losers by a universal free trade, but they would also be put back in the race of civilisation. They concluded that the conditions with which they had to deal were anything but favourable to the practice of free trade.¹

The difference, therefore, between Cobden and the foreign statesmen's view as to what was best for the

¹ The introduction of "natural productions" is clearly for the purpose of winning. In 1750, agriculture in England was a flourishing industry; in 1873 it became disabled. Since 1750, our manufactures have increased steadily to 1849, and rapidly to 1873. Why should manufacture be considered more of a natural production than agriculture? Because the opportunity presented of raising a brood of capitalists.

progress of nations, is exposed. By the mere use of words, and resting solely upon a verbal description of the state of the case, Cobden thought he could lay the commercial world prostrate at his feet. But the foreigner discovered that England would acquire a permanent supremacy, were a universal free trade adopted. He could point out England's greed in this matter. He could refer to "Albion's perfidy." On the contrary, it was easy enough for him to assure his countrymen that, in course of time, they would reap the benefit of England's arbitrary action. (We must here interpolate our opinion, that this arbitrary action has had no influence except such as has been injurious to ourselves.) *They* could afford to wait. Was it possible for Cobden to cause a distrust among foreign nations? It was his ambition, at first, to do so. He scorned the rulers of the people. He desired to take that by force which he could not achieve by argument.

But all was of no avail. Other nations came to the conclusion that their surrounding circumstances were not similar to those of England; and that, therefore, if the latter found free trade to work beneficially for her, it was not logical to infer that the same cause would have similar favourable results when acting under different conditions.

But the course of events has proved Cobden's endeavour to have been a useless one. International enthusiasm broke down. It is just a possible means of effecting those results Cobden so much desired. But it is extremely improbable that it ever will be brought into action, on this account—the difficulty of believing that a mutual policy will always react with the same

degree of gain and the same degree of loss to the nations engaged in it. Hence the practical reason that commercial treaties are allowed to run for a certain number of years. On paper, it is not an arduous task to show that the policy, if once successful, must always be successful. But the paper argument of ideal economists is torn asunder by the experience of the practical man. He is conscious of the fact that the original conditions which determined any particular policy are liable to fluctuation. It is to the self-interest of each of the contracting parties to gain as much as they possibly can by always adhering to the letter and spirit of the treaty. How some of these original elements assume such gigantic proportions as scarcely to have even been dreamt of by the framers of the policy, is known to all whose business is related to fluctuating phenomena. Cobden never for a moment supposed that within the small space of forty years his own countrymen would be fed, to the extent of two-thirds of their corn supplies, by the foreigner. And yet this effect, so contrary to his expectations, is the present consequence of a free trade in corn. What the final consequence of that free trade will be simply depends upon the possibility of the further reduction of one factor; and that factor is, the cost of cultivating foreign soil. The tendency for this to decrease has been in operation for some time; and the question to decide is, "Have foreign cultivators reached the lowest cost?"¹

¹ We assume, of course, that we shall continue to be able to pay for all the imported corn we require. With reference to the uncertainty of action of principles, this is what Huskisson said (ii. 328): "It was impossible for me not to feel that, in the application of

It can be safely asserted that Cobden did not expect that the fall in the price of bread would assist the British manufacturer in the way it has done. You are agreed that this fall in the price of corn could not by any means aid the manufacturer in the primary period of free-trade action, for the reason that it did not take place. But it was of some real benefit to the British manufacturer and labourer when the career of the former in foreign markets began to be checked. We have to consider at what expense this real benefit was achieved.

While a free trade in corn, which was subsequently, by the extension of a free-trade policy effected by Mr Gladstone, followed by free trade in all other articles, except those few the duties on which are collected to assist the revenue, did not immediately benefit the manufacturer, it opened up to the whole world the corn markets of our country. On the supposition that this free intercourse in corn had been the sole and direct means of conferring *an unparalleled prosperity* on the nation, a free intercourse in other commodities was carried out. Thus all our markets became open to the attacks of the foreigner. But why was such a course of action pursued? Because there was no fear of our being undersold at home. That was the very essence of the motive which urged a free-trade policy. Cobden tells us so. But the reason why the manufacturers were formerly afraid of the competition of their foreign rivals in foreign and neutral markets, now becomes a little clearer. It was "immediate" danger they principles, the result, from unforeseen causes, may sometimes disappoint our expectations."

anticipated (in 1845) from the increasing growth of Continental manufacture.

But the old free-traders laughed at the idea of our being undersold in our own markets, even when the conditions leading to such a catastrophe were made as favourable as possible. It is evident they did not imagine a state of affairs, in which, while every foreign market was protected against the rivalry of the British manufacturer, our own markets would be free to the reception of all goods that could be poured into them.¹

It would take time for the manufacturing industries of the Continent and America to assume considerable dimensions. But they would have their stimulus of development ; they would have a constant demand for all their produce. They would increase constantly, but slowly, and then an epoch must arrive when not only would they be able to supply all the demands of their own markets, but would be able to divert their surplus produce into surrounding ones. The most favourable would obviously be free markets. Towards these the foreign manufacturer would divert his energies, because there the least resistance is opposed to him.

And now the young free-traders may look in dismay on the impossible phenomena of their predecessors.

In the second stage, when the British supplies were being cut short, because foreign ones were increasing, the hope of our manufacturers lay in the cheapness of bread.

While they were calculating the results of vain expectations, the agricultural industry was beginning to

¹ For the plain reason that they thought no Continental manufacture would ever become so powerful as to do them an injury.

wane.¹ But this was taken to be favourable to the interest of the manufacturers, because their labourers got their bread cheap. The tendency, then, to a displacement of labour in agriculture was beginning to be felt. There was nothing to hinder that tendency from gaining strength. It did gain strength, while British manufacturers experienced a loss in their profits. But this was not the only tendency in operation, though it was the only one which gave signs in demonstration of its existence. Another tendency was rapidly increasing in strength ; a tendency which directly counteracted, not the growth, but the very maintenance of British manufacturing activity. When foreign markets were self-supplied, and there was no check to their growth, their surplus would be diverted into other markets. Now it is this tendency, created by the old free-traders, stimulated by the extraordinary productions of England's manufacturers between 1850-1866, that has at last become characterised by actual signs.

The third stage of that series of changes inaugurated by a free-trade policy has been reached. In that stage we are supplied, to the extent of two-thirds, by foreign corn. During the transitional period ending in this ratio, if it does end here, more than two and a half millions of acres of corn land have been sent out of cultivation ; and, of course, a corresponding number of agricultural labourers sent out of employment. In

¹ At first the manufacturers themselves would not be seriously inconvenienced by an arrest in the growth of their industries. But the labour interest was bound to be so ; not only because the same extent of industry was open to an increasing labouring population, but also because the agricultural labourers thrown out of employment competed with the town labourers, the result being "a reduction of wages."

1885, the number that were divorced from the soil is computed at 200,000. But the consequences of this alteration are not summed up in a mere displacement of labour. For that displacement of labour has its effects. And these are—(1) an increased supply of labour, thus tending to reduce wages; and (2) an increase in the number of the poor in large towns, resulting in an increase in the number of unemployed.

But in this stage of decline we have the produce of our manufactures limited, and in a twofold manner. For not only is there less external demand for our goods, but a certain amount of manufacturing labour is displaced by the circulation of foreign articles of manufacture. Why? Because these goods can be produced at a cheaper rate abroad. But these nations are protectionists, and they can produce at a cheaper rate than the free-trade nation!

It was the intention of the free-traders, by reducing the price of food, to make free-trade goods cheaper than the goods of protective nations. This was the pressure Cobden and the English manufacturers imposed upon the already existing burdens of protection. We now perceive how that pressure—not a real one—has been overcome. We learn from that circumstance that Cobden, and those who worked with him, did not interpret the causation of events aright. If Cobden had only for a moment entertained the opinion that foreign nations would remain protective, it is impossible that he should have left the trade and commerce of his country in so ill-regulated, disordered, and weakened a state.

Now it is in this stage of decline that the free-

trader points to the blessings of cheap bread. But they ignore, and from political reasons entirely, the collateral consequences of a general free trade in corn and commodities. We have just become acquainted with those consequences. They are an over-distension of the labour-market, on account of (1) the displacement of agricultural labour, (2) the displacement of manufacturing labour—both which lead to reduction of wages. In addition to both these adverse results, directly occasioned by our partial system of free trade, there is another cause in operation producing a depression of our markets. That cause is in the attitude of foreign nations. They have elected to manufacture their own goods; consequently the demand for British commodities has decreased and is decreasing, and hence the contraction of our markets. But this adverse result has nothing to do with our free-trade system directly, though the protectionist sympathies of other nations may have been indirectly strengthened by the endeavour of the British manufacturer to acquire a supreme ascendancy over foreign markets. We should have experienced, at some distant date, this check to the growth of our manufactures, even if we had still remained a protectionist nation. But then we should not have had *other* causes of depression to magnify the one they induced.¹

Thus you cannot but acknowledge that our free trade, or rather our system of free imports, has been, and still continues, the direct cause of depression. This is the evil which it has done and is doing. What

¹ And in the meantime more opportunities would have been forthcoming to diminish the consequences of this arrest.

is the good? Cheap bread. But you can now perceive that the good and evil of free trade in this country have appeared almost simultaneously. Is the good which we enjoy by having cheap bread more than counteracted by the evil which the nation suffers from an unequal competition? It does not appear so. It is of little use to appeal to the sympathies of the labouring classes on the subject of cheap bread. They have already learnt that they have obtained cheap bread too late. For their bread has become cheap, while their employment is being taken away from them.

The free-trader may exclaim upon the benefit of cheap bread, but the labourer will reply that his employment is of more consequence than mere cheapness. He will plead that it is to his interest to earn his living first, and to pay the proportionate prices of his food-stuffs afterwards.

We conclude, then, (1) that our system of free trade has directly contributed to increase a depression which was unavoidable; and (2) that this increment of depression is increasing.

We ask the reader, Was this the best means of providing for our future depression at all, and especially that depression of our manufacturers, which was bound to ensue if other nations continued their protective tariffs?

CHAPTER IX.

THE NATURE OF THE CORN LAW, AND THE OPPOSITE CONDITIONS AFFECTING OUR AGRICULTURE AND MANUFACTURE.

"Let me but have a claim upon Provence, though thin as a single thread of thy Queen Margaret's hair, and let me alone for twisting it into the tough texture of a quadruple cable."—Sir WALTER SCOTT.¹

THE CORN LAW NOT A SELFISH LAW AS DENOUNCED BY COBDEN—SOME RESTRICTIONS WERE REMOVED FROM MANUFACTURE WITH ADVANTAGE—BUT TO ASSERT THAT SAME PROCEDURE APPLIED TO AGRICULTURE WOULD LIKEWISE BE ADVANTAGEOUS IS ILLOGICAL, BECAUSE THEIR SURROUNDINGS ARE DISSIMILAR—THE CORN LAW ONE OF THE FINAL RESULTS OF THE REVOLUTION IN FRANCE—IMPORTANT TO NOTICE THE CHARGE BROUGHT BY COBDEN THAT THE CORN LAW ENHANCED THE VALUE OF LAND—IT DID SO ORIGINALLY, BUT THIS NECESSARILY, BECAUSE IT WAS TO THE INTEREST OF THE FARMER, WHICH COBDEN SAID WAS THAT OF THE WHOLE COMMUNITY—THE SUBSEQUENT RISE IN RENTS NOT DUE TO CORN LAW, WHICH MAINTAINED THEM AT A GIVEN LEVEL, BUT TO EXTENSION OF CULTIVATION—THE MORAL INFLUENCE OF FREE TRADE—BUT THE ENERGIES OF THE MANUFACTURER CONSUMED BY OTHER FORCES.

§ 21. *The Corn Law necessary to preserve a portion of the fixed capital of the country.*—The same effect may

¹ This was said, in the novel, by Duke Charles of Burgundy to the Earl of Oxford, who was pleading the cause of his exiled queen. So, it appears, Cobden proposed to himself the political ruin of the aristocracy on the strength of a single argument, and that an "unsound" one.

be brought about by very different causes. Thus it happened that in order to advance the true interests of agriculture a Corn Law became necessary.¹ Will anybody affirm that without this Corn Law the English farmers would have been enabled to supply the whole of the population in the year 1835? Will any abstract free-trader assert that the extension of our wheat cultivation would have been possible without this law? It was by this law, then, that the resources of the soil were developed, and a positive addition made to the wealth of the nation. In the year 1840 we produced close upon 16 million quarters of wheat; in the year 1886 we grew 7 millions only. Take the number of quarters yielded in 1815 and compare with the quantity produced in 1840. Contrast this latter amount with the diminishing produce ever since the Corn Laws were abolished, and you perceive the influence of those laws. They were framed, though it is said that the Houses of Parliament were in danger of being stormed by an irate populace at the time, with this single object in view: to develop the resources of agriculture. In that development the labourer, the farmer, and the landlord each took their proper share, and no more than their proper share.

Now it is quite possible that one element more than any other conspired to create the Corn Law of 1815. It was the energy of the agricultural interest, strengthened

¹ During the great war a vast amount of capital had been applied to the soil. It was essential this should be protected. From the fact that there was an excess of capital introduced and inferior soils tilled which did not afford remuneration, a good deal of gambling resulted. This formed the chief difficulty with which Huskisson had to cope.

by the introduction of capital from external sources¹—and what could prevent this extension from assuming a gambling appearance, when the opportunity for speculating was so favourable?—which supplied the people with corn during the long Continental struggle ending in Napoleon's defeat. The sentiments of that illustrious general towards England were easily deducible, even had he kept them secret. He endeavoured to isolate the English people; to prevent all communication with the Continent, whence the construction of a French fleet adequate to the purpose; to destroy the progress of our manufacture, and to cripple the resources of our food-supply, if such became, from the state of the seasons, unequal to the demands of the English people. Hence you will discern the sagacity of our Ministers in furthering the cultivation of the soil. All the national attention became concentrated on the advancement of the farming interest. And much of the capital which would, had there been no fear of any interruption of communication with the Continent, have been expended upon the progress of manufacture, was consequently diverted into that channel which at the time presented the greatest prospects of remunerating the speculator. Inferior soil came to be cultivated again, and the price of wheat consequently rose.²

¹ It was Napoleon's object to isolate Great Britain from her relations with surrounding nations. This contingency caused a good deal of disturbance in the state of our trade markets. In such an event, manufactures would decline. The consequence was, that agriculture received an abnormal stimulus. But with regard to the Corn Law and the price of bread, it is essential to observe that between 1801 and 1815, the prices of corn ranged very high. After the Corn Law, prices began to fall.

² Whence came the additional capital needed to extend the tillage

According to the maxims of free-trade and ideal economists, under the then circumstances of the case, this rise in price was inevitable, and its rise was greater than was required by the addition of the necessary amount of arable soil. But when speculators begin to act, it is difficult to prescribe limits. All will agree, however, even at this distance of time, as to the paramount importance of agricultural extension. As to the manner and intensity with which this was carried out, any differences which may be entertained ought certainly to be adjusted by those most competent to the task—business men. Their interests were bound up with this increased agricultural activity. Till the element of speculation was introduced by these business men, the British farmers knew not what it was to speculate. The uniformly steady rate of prices up to 1795 is the proof of this. But their enlarged interests, the ultimate product of a cause over which the nation had for many years no control, solicited a due and proper maintenance, and obtained it. And thus the Corn Law, which was one of the final consequences, in this country, of the French Revolution, was established as much to protect the capital of these manufacturers, now become farmers, as to enhance the value of land. Thus the manufacturers who had become farmers in 1815 perceived the necessity of a Corn Law. Their self-interest dictated it. For without such a

of the soil? Not from the pockets of the landlords, but from the capitalists and the public. If, then, after so much capital had been expended upon the soil, a free intercourse without protection had been permitted, it is clear there would have been a serious fall in the value of agricultural stock. The capitalists, corn merchants, and farmers would have been the losers.

means of protection, a great deal of their capital, which had become fixed, would have been lost, and this loss would have been disastrous to the labour interests of the country. But the manufacturers¹ in 1845 did not become farmers, nor did they identify themselves (as they ought justly to have done) with the prosperity of the agricultural industry. Let them have but changed places with their discredited brothers, and what would have been the result? They would have felt their self-interest then to have been attacked without any just reason. The manufacturers could not, except by contradicting the statements of Sir Robert Peel, assert that their progress was on the whole (1845) retarded, or was likely to be retarded. But they could express an opinion that they were suffering a virtual retardation, and that the cause of their virtual grievance resided in the high price of bread. But it was equally their duty to the nation to calculate the immediate consequences and remote results of any reform bearing upon the price of bread. Was the repeal of the Corn Law, tending as it did to reduce the price of corn—but even here they could not predict when the tendency would be sufficiently powerful to have an adverse result upon prices—likely to be associated at any future time with danger to the agricultural interest? If it came about, then the sum of the prosperities of our manufacturing and agricultural industries would be diminished. But the sum of the welfare of all the industries of the country expresses what is called “the national well-

¹ Cobden tells us that, at the commencement of the agitation, it was the common belief among the manufacturers that free trade would be adverse to British agriculture. *Vide p. 49.*

being." Did the manufacturers in their eager anxiety to repeal the Corn Laws intrench upon this wellbeing—not perhaps as far as they could see, or as long as they should live—but at some remote time?

We fancy the response to such a question would have been as follows: "Even supposing the national agriculture to suffer, and the supposition is one that we do not for a moment entertain,¹ the rise in manufacturing activity will more than balance the decline in agricultural pursuits. We shall become one large workshop. Our people will make a great stride in improvement. They will become morally better, socially better, and politically better adapted to take their undoubted position in the government of the country. We mean to force our labourers to reach that higher and nobler state of society which is now denied them."

Thus it was that the manufacturers, with one eye closed, by their influence, but more by their wealth, attacked the Corn Laws; and Richard Cobden was their spokesman. His noble enthusiasm rose to a high tension when he displayed the causes of the degradation of the people. And it was worthy of a far more noble object than the mere enrichment of a particular class. When we perceive this, it is curious to collate it with this effort to destroy the influence and wealth of the aristocracy, by sapping the sources whence their unjust rents sprang. But he failed to recognise how that influence and that wealth rightly came into exist-

¹ Observe, in 1837 the agricultural interest was to be injured by the Corn Law repeal. In 1846, instead of being injured, it was to be stimulated. Cf. Cobden's Speeches, pp. 49 and 63.

ence; as also their national importance. He did not see that, had there been no manufacturers' capital diverted into agriculture in the long war, there would have been no restrictions on the importation of wheat other than those which precedent justified. And therefore he did not see why it was that a Corn Law was framed at all. He made a telling allusion to the violent factions of those days, which culminated in the House of Commons being surrounded with soldiers to keep, as he said, an angry and starving populace at bay. But we can now measure the importance of such demonstrations. The rational treatment of some complicated questions has so far developed since Cobden's days as to prevent most men deriving several and sweeping conclusions—except in those few instances where political expediency seems to demand it—from particular cases. No matter how beneficial a measure, there always will be a varying degree of animosity evinced against it by those who are, or who think they will be, its victims. The study of human nature would have informed Cobden of the truth of this had he not had the actual fact before him. But he protested against the opposition to the Corn Law repeal. Why? Because he first of all believed that a universal free trade was best for the interests of the world at large: this was his ulterior motive. But his present motive was the conviction that the aristocracy grew rich at the expense of the national labour.¹ This belief was based upon two grounds. The ground that the Corn Law of 1815 enhanced the value of land, and this none can deny; but it is cruelly unjust to assert that the aristoc-

¹ Cobden's Speeches, p. 27.

racy drew all the benefits from such increased value,¹—for if the laws of economy have any weight, and the ideal political economists propound these laws, the landlords could only take their due share of the profits arising from an increased value in land. And as capital—so the same economists declare—is always employed, if the aristocracy had not found in this enhanced value the means of materially improving their fortunes, they must, according to “ideal” doctrines, have discovered some other means of adding to their wealth. The other ground of Cobden’s enthusiastic belief was that rents were raised in order to enhance the value of corn. Thus he denounced the aristocracy for directly encroaching upon the rights of labour. But, as matter of fact, the aristocracy increased in wealth by those opportunities which legislation and the laws of economy created. High rents do not cause high price of corn. It is the increasing price of corn which results, from competition, in an increase in rent.

The question, then, turns upon the legislation of 1815. And in the treatment of this, if you argue the matter according to the sequence of phenomena as they occurred, and not according to an imaginary description, designed to forward this or that particular view,² you have to inquire—(1) why such legislation was judged to be needed ? and (2) what was the determining element in that legislation ? In the first inquiry, we

¹ The value of agricultural stock was also maintained.

² Some might censure Cobden for displaying real ignorance concerning this part of the question. But it is the writer’s opinion that Cobden’s views of things were marred by a prejudice, which turned all his energy towards the objects themselves, and not to the means by which they were to be attained.

would remind the reader of the importance of a sufficient supply of wheat, in the event of any such danger appearing as the country had already experienced in the long war. For it was this contingency which formed part of Sir Robert Peel's apology for the maintenance of the Corn Laws in 1839. Suppose our corn supplies (if we depended in any large degree upon external sources) suddenly cut off; what was to prevent our surplus supplies from being cut off under protection? A large war might easily deprive us of this increment. But wars, say the free-traders, are destroyed or diminished by free trade. We may, with as much facility as Sir Robert Peel, nowadays inquire, What is there to prevent two-thirds of our corn supply, or part of it, from being cut off under a free-trade system?¹ The remote possibility of a general war, answer the free-traders. But this is assumption. Nobody, we presume, or we are told to presume, desires war for its own sake alone. But the question does not depend upon this mere want of desire; what is of importance to us is this, whether our present system of free imports diminishes in any degree, and in what degree, if any, the chances of war with our neighbours.

To advance the cause of agriculture, a Corn Law became necessary in 1815. Such a law implied a certain amount of restriction. But such restriction² was not considered to be antagonistic to the wellbeing of the nation. It came, in the opinion of some, to be so afterwards, when, during the free-trade agitation, argu-

¹ *I.e.*, a system of free imports.

² Practised within proper limits. It is important to notice this qualification.

ments were manufactured to support the policy of the free-traders. To advance the cause of manufacture, the duties on raw material were removed. By such means the cost of production was decreased, and hence the position of the manufacturers improved. But such improvement was at the cost of no other interest. The revenue alone suffered; but its loss was more than counterbalanced by the advantages of a cheaper article to the home consumer, and the superior means obtained by the manufacturer of maintaining his hold upon foreign markets.

By the remission of these indirect taxes, the manufacturers gained, and with them the whole community shared in the gain. So, by the imposition of the Corn Law, agriculture gained, and so did the country, for fixed capital was still kept in use, and a large quantity of labour thereby kept in employment. If there can be any doubt that a low price of bread would have certainly produced a low rate of wages, you need but to think of what would have happened had there been no Corn Law. Bread would have been cheaper. But, as the effect of this cheapness, many of the agricultural labourers would have been thrown out of employment, just as they have been under similar circumstances, but gradually, during the last forty years, and there being a greater supply than demand¹ for manufacturing labour, wages must have been reduced. It was essential then, as it is essential now, to improve this demand for labour as much as possible. It is the only factor which directly increases the wages of the ordinary

¹ Unless it is assumed that manufacture would have consumed the labour thus thrown out of employment.

labourer. And you can easily perceive the disturbances which those discoveries have upon the equable progress of wages, which fitfully stimulate the demand for labour. But of such discoveries, which tend to minimise labour and increase production, we do not think it too hard a thing to say that they are "a good" to one generation, but an evil to the next.

§ 22. *The question of repeal not an economical, but made a social and political question—Why?*—Thus similar effects, the welfare of agriculture and the welfare of manufacture, were brought about by exactly opposite causes. We see the imposition of restrictions in the one industry; their removal, when it was shown they could be removed without damage, in the other.

And in justice to both sorts of policies, it must be acknowledged that the then conditions of the industries demanded them.

But the question might subsequently arise, and very reasonably too, Would these conditions always retain the same favourable aspect? And you cannot deny that the nation as a whole prospered under them.

Now it is evident that the manufacturers in 1845 thought they might be changed with benefit to themselves and (we must suppose) advantage to the country. But the burden lay upon their shoulders of proving that (1) a change in the surrounding circumstances of agriculture and manufacture had taken place; and (2) the efficacy of a new measure to meet the requirements of that change.

This, it appears, would have been the manly way. But, in its stead, the Corn Laws were abused, the

aristocracy slandered, and—new political opinions advanced.

The manufacturers could not say they had not received considerable benefits from the State. Then why should they deny similar benefits to the farming interest? Consider their attitude in Huskisson's time with regard to the duties on wool. They desired that foreign wool should come in free of duty. But they opposed the course which Huskisson judged ought rightly to be pursued. They were against the exportation of British wool without a duty. But Huskisson argued¹ that if we permit foreign wool to enter without being taxed, then in all justice we must allow the free exportation of home-grown wool, which policy was, after some opposition, put into practice. Thus he opposed the selfish measure of the manufacturers and prevailed. He was desirous of affording the manufacturing interest due and proper advantages ; but “undue” advantage he resolutely set his face against.

The cost of production had been materially influenced and profits increased by the remission of taxes on the raw material of manufacture. Where was the manufacturer to look for a still further reduction in price and increase of profits ? He need not have searched far ; for the means of cheapening the cost of transit were in existence and were rapidly being developed. But instead of looking straight before him, he glanced aside at the price of bread. “ If this could only be reduced, then I could sell cheaper, produce more, and increase my profits.” Did he rightly estimate the influence of the railway upon the development of his trade ? If he did, then he knew

¹ Speech of May 28, 1827 (vol. iii. p. 148).

that he had a double force working in his favour ; for not only would there be a fresh stimulus created by diminishing the distance between consumer and producer, but wages would be less, because bread was cheaper. But it was into the scale of cheap bread that the manufacturer threw his lot. He was pursuing his own self-interest ; but his action became a selfish one when the results of it, immediate or remote, it matters not which, were likely to be fraught with injury to another interest. Now it is against such selfish action that the State, in theory, opposes an impassable barrier. Why was not the influence of Parliament properly brought to bear in the settlement of the spurious dispute between the manufacturers on the one hand, and farmers and the landed interest on the other ? Because the dispute had not a single object in view. It was double-faced. It was not an economical so much as a social and political dispute. Had it been a purely economical problem to solve, there was no need to arouse the enthusiasm of the populace, whose intelligence cannot be sufficiently advanced to arbitrate on the complicated data of what Cobden dignified into the highest of all sciences, the science of economy. Such an enthusiasm would have been worthless. But it was made a double-faced dispute ; because the circumstances of the times were favourable. There was considerable popular discontent. There was depression. The manufacturers were struggling to increase their profits. And one man, Richard Cobden, strove, in the midst, and by the help of these discordant elements, to put into action a series of measures framed with the object of elevating the labour interests of his country. The first of this series was a

free trade in corn, and after that had been achieved, free trade in all other commodities would follow as matter of course. But Cobden did not live to witness the dream that he had dreamt realised. He did not live to see the agricultural interest, which he made so great pretension to advance, in great part ruined ; and the tenant-farmers, though some of them were deceived in 1846, know now who was their true friend.¹ He did not live to see foreign commodities taking the place of British ones in British markets. These disastrous events, indeed, had no place in his vision. For he dreamt of only what he thought would be ; not of what might possibly happen.

He left, it is true, his country, with her trade in the fairest prospect of reaping present advantages, but in the worst possible position for maintaining those advantages in the future. The error, from which he started, pursues him throughout all his subsequent undertakings. Free trade in Cobden's time was only a name. For the tendencies which it created had not as yet grown up so as to be within the range of ordinary observation, so careful ought we to be in the detection of early signs. He thought free trade caused the national prosperity following 1850, eloquently described as "unparalleled and without example." To have induced anything like a manufacturing prosperity, free trade must have reduced bread to so low a price that the manufacturers could reduce wages on the strength of it ; or it must have opened up the mar-

¹ Cobden's statement was : " Whenever the time comes when the farmers understand who it is that has been telling them the truth—the farmers to cast off relations with landlords, and to co-operate with those who have proved themselves to have some sense and foresight in the matter."—P. 212.

kets on the Continent and America; or have done both these things. The latter it has certainly not done; and our free intercourse in corn commenced to cheapen bread—compared with its price during the last years of protection, when the blush of prosperity was beginning to fade. In what way, then, did free trade assist this country in being prosperous? If free trade was a cause, it must have had some mode of action. What that mode was, the protectionist demands of the free-trader? We can only think of one mode, and that is as follows. Free trade had been announced as the sure precursor of prosperity. The notion stimulated the manufacturers, reflexly, to supply that demand for their produce which prosperity entails. But their increased efforts were consumed by another cause, which lay in the background. Nevertheless, the intelligent people were led to believe that because prosperity came after the introduction of free trade into our commercial system, it was caused by it; a conclusion which by no means follows. But it was firmly fixed in the belief of the people, because it had been predicted; and it is clear that it would have taken something more than the average intellect to arrive at anything like a valid conclusion, when it was perplexed by such doctrines as "the price" in the foreign market regulates the "price in the home market," "you must buy in the cheapest market and sell in the dearest," and "exchanges are of equal value." For it was by doctrines such as these that free trade was proved to be of inestimable advantage. But does it occur to the free-trader of the present day that those dear markets are no longer ours; and that

the price of British goods in British markets has no influence whatever, in the great majority of cases, upon prices in American and German markets? And will they answer the question on which side the balance inclines when the foreigner can, by that very policy which was intended to ruin him, influence prices in our markets, while we have no such advantage in his markets? It is this influence which renders competition, as the manufacturers have learnt, so unequal; and it is this influence which is brought about by our partial free-trade policy.

It was when British manufacturing interest predominated in foreign markets that those markets were gradually closed against our goods. Some of those duties are no longer merely protective—they have been made prohibitive. They stand at a higher rate than did our silk duties in 1824! Those duties were lowered from 70 to 30 per cent. Such surely was an encouragement to foreign producers. It is certain the alteration arrested the progress of our silk industry. But it is to be observed that our silk market was comparatively a small one. And we should have considered this fact to have been sufficient to afford a due and proper protection to it from the attacks of its more powerful neighbour.

We adduce this measure, to illustrate the tendency to reduce protection to its lowest limits on the part of all those who conducted our commerce on protective principles. And it is this tendency to make trade more free under protection that is so characteristic of the greatest of all our commercial reformers, William Huskisson. But his successors appear to have acted upon

new grounds entirely, and to have argued that if any degree of diminution of protection will render trade more active, you have only, in order to acquire the greatest activity, to do away with protection altogether. For such a conclusion there was no experience. That experience, available to all, referred to a diminishing protection, not to its destruction. All arguments, therefore, concerning free trade were hypothetical arguments ; and free trade had yet to be tested by experience, after it had passed through the hands of the theorists.

Now it is useless to argue from general principles when the sequence of phenomena is within our grasp. And in that sequence we would venture to suggest to the reader three points of departure : (1) The injustice of our free-trade system during its early operation upon those foreign markets yet open to us ; (2) the influence upon them when they were closed by extravagantly high protective duties ; (3) the reaction of free trade upon this country, all, or nearly, surrounding nations remaining protective, and evincing tendencies to increase "protection." ¹

¹ It appears, from the rapid conclusions of the free-traders, that the commercial policy of the United States is going to be an exception to what must be regarded as the general rule. The policy of President Cleveland has been announced as a free-trade policy. In the sense of making trade more free, it is a free-trade policy. But this system of opening up trade, while its general conduct is still under protection, must be carefully separated from an absolute free-trade policy.

CHAPTER X.

BECAUSE SOME INDIRECT TAXATION IN COURSE OF TIME BECOMES INJURIOUS, ALL INDIRECT TAXATION IS NOT SO.

“ Could you prove to us that the true principles of mercantile dealing required us to purchase corn in the cheapest market, and to withdraw the capital which has fertilised the inferior soils of this country for the purpose of applying it to the rich but unprofitable wastes of Poland, still we should hesitate, we should remember with pain the cheerful smiling prospects which were thus to be obscured. We should view with regret cultivation receding from the hill-top which it has climbed under the influence of protection, and from which it surveys with joy the progress of successful toil. If you convinced us that your most sanguine hopes would be realised—that this country would become the great workshop of the world—would blight, through the cheapness of food and the demand for foreign corn, the manufacturing industry of every other country—would present the dull succession of manufacturing towns connected by railways, intersecting the abandoned tracts which it was no longer profitable to cultivate,—we should not forget, among all these presages of complete happiness, that it has been under the influence of protection to agriculture, continued for two hundred years, that the fen has been drained, the wild heath reclaimed, the health of a whole people improved, their life prolonged, and all this not at the expense of manufacturing prosperity, but concurrently with its wonderful advancement.”—Sir ROBERT PEEL (March 15, 1839).

COBDEN AND PUBLIC ENTHUSIASM—DANGERS INHERENT IN THE EXAMPLE WHICH HE GAVE—COMPARISON BETWEEN “MANUFACTURING ACTIVITY AND HIGH PRICE OF WHEAT,” AND “MANUFACTURING DEPRESSION AND LOW PRICE OF BREAD”—THE PRESENT TENDENCY TO REDUCE WAGES A PROOF THAT WAGES ARE GOVERNED BY PRICE OF CORN, AS THE OLDER PROTECTIONISTS MAIN-

TAINED — LABOUR INTERESTS OF THIS COUNTRY INJURED BY THROWING LAND OUT OF CULTIVATION, BECAUSE (1) MANUFACTURING LABOUR MARKET BECOMES DISTENDED WITH UNEMPLOYED AGRICULTURAL LABOUR ; AND (2) WAGES DECLINE AS THE PRICE OF WHEAT DECLINES—THE WANT OF INDIRECT TAXATION, FROM YIELDING CAPITAL NO SUPPORT, DRIVES IT OUT OF THE COUNTRY.

§ 23. Importance of the preservation of independent judgment, and of the treatment of each problem by itself, without being implicated in others with which it has no real concern.—The following comparison is worthy, we think, of the reader's close attention. The taxes on the raw materials of manufacture were remitted, and the manufacturers gained thereby, inasmuch as cost of production was decreased. The consumers of their goods had the benefit of cheaper prices, and not a single productive source of the country was injured. What suffered was the revenue ; but as the country gained more than the revenue lost, the self-interest of the nation as a whole was advanced by the removal of these fetters on the trade of the country, as indirect taxes are indignantly called by the free-traders. But it is always a good point to inquire into the history of those taxes which are denounced as burdens upon trade, and obstacles in the way of the productive powers of the country. You will in most instances find three stages in the progress of these taxes. The first stage is that in which they exercised a beneficial influence ; the second is a transitional period ; and the third is that in which they are capable of being proved to work virtual harm.¹ Now the reason why a tax

¹ In other words, according as the conditions surrounding certain industries varied with their growth, so was the regulating principle made to vary.

should at one time be useful, and at a subsequent period become virtually disadvantageous, is found in the change which gradually takes place in those surrounding conditions which influence its action. If all such changes could be predicted so easily as the partial free-traders evidently believed, there would be an end to all commercial legislation. But whatever mere hypothesis may inculcate, experience demonstrates that such is by no means the case. It may broadly be stated that no change in the condition of mutable factors, induced by any cause, will remain in that original state in which its authors left it; and the explanation of this in economy lies in the play of human desires. No constructor of any policy can determine with certainty the direction which such desires may take; neither can he estimate their intensity, nor can he foresee the means to be developed in the future of giving them effect. It is from this uncertainty, therefore, that our wisest legislators have trodden in beaten tracks, and have opened them by degrees when they could do so with the highest probability of good accruing from the change. And it is the natural consequence of such uncertainty that no alteration or reform should be projected in haste or with enthusiasm, lest but an incomplete survey of all the future possible developments of that alteration be grasped, and just those few possible occurrences left out of consideration which eventually take place. Enthusiasm in any form—and popular enthusiasm is the worst form, and the consequences of it are on the heads of those who create it—is antagonistic to clear and impartial judgment. It is upon the accuracy of

that judgment that a nation depends for its future safety after the reforming measures of its leaders have come into operation.

The enthusiastic man is thus surrounded by the greatest dangers, for his judgment is contracted into a single groove. He can see only in one line. If the welfare of a people hangs upon such a precarious judgment, it is woe to them if that groove and that line lead from prosperity to adversity. In the affairs of human nature, as in other things, it is matter of probability as to whether the judgment of this man is best to be pursued. How necessary, then, is it to discern that *that* judgment is free both from personal prejudices and factious animosities. Given any man who is enthusiastic and a confident believer in the virtue of this or that principle to effect good,¹ and for those very reasons he is to be feared; for his principle has no more virtue than another, and he cannot arrest the progress and the many changes which are sure to occur in those conditions which determine the direction which the action of his principle shall take. He cannot control the disposition of his fellow-creatures neither at home nor abroad. He may endeavour to do so, but the attempt will surely be involved in danger.

There is one feature which in particular characterised the free-trade agitation. It is shown in the develop-

¹ Before free trade the gradual progress of the people was in process of operation. But this was not rapid enough for the purposes of agitation. After free trade and the rise of wages, the progressive movement was ascribed to free trade, and former principles of progress were ignored. Thus it came to be asserted that without free trade there would have been no material progress. But with what regard to the true facts of the case?

ment of the public enthusiasm to an extent never known before in the history of this country. How ably it was supported from above, and how powerful it became in the hands of an enthusiast like Cobden, was recognised by the political leaders of the time. Well might Sir Robert Peel wince at the menaces which John Bright and Richard Cobden felt they were justified in using. For they were acting, according to their opinion, in the interests of the majority of the nation, against what was held up to opprobrium as the interests of a monopoly. Undoubted was the great pressure put upon both the parties in the State. Instead of the question being discussed from a purely economical point, it at once descended to the grounds of expediency. And thus, in order to save the State from other and worse, because immediate, consequences,¹ concession was granted; and thus the growing democracy learnt that any concession might be obtained by a well-organised agitation, led by wealthy and determined men.

But the value of such an example is questionable, as far as concerns the normal progress of society. You must not forget that the issue to be decided was not a simple one. There were not economical tendencies only in view, but political ones as well. And so it came about that many men, and amongst them Sir Robert Peel and M'Culloch, while they entertained particular ideas on each part of the complex problem as it was developed by Cobden, were yet compelled to weigh it as a whole, and act accordingly. And we

¹ Cobden's words will be remembered: "You will concede us free trade, or you will concede us a good deal more."—P. 172.

have Sir Robert Peel's testimony that it was this conduct which, according to his conviction, rescued the country from the horrors of civil war.¹

Against the treatment, as a whole, of such complicated problems, too much cannot be said. It is open to all species of revolting traffic in interests. A political leader may thus declare that he cannot effect the reform you desire unless you give him your support on another question. But upon that question your opinion may be opposed to his. Nevertheless you are tempted with the bait, and may subordinate your judgment to profit.

Whether or not this is a wholesome feature in the "progress" of our politics, each must decide for himself. But the innovation was made by Cobden, and has been practised at times by his successors.²

It is easy to see that this innovation reigns supreme during a crisis, and that it is the desire, because it is to the interest, of some political leaders—those who lead

¹ *Vide* Professor Thorold Rogers, in 'Cobden and Political Opinion,' p. 118. "The outbreak of 1848 was a unique phenomenon in politics." "The English people felt only the quivering of the earthquake, though the Government was excessively alarmed at the Chartist demonstration of April 10. It is not a little remarkable—I have the story on Cobden's authority (see Cobden's Speeches, p. 581)—that when the news reached London of the downfall of Louis Philippe, and was brought to the House of Commons, Sir Robert Peel crossed over the floor of the House to the late Mr Joseph Hume and said, 'This is what would have happened in England if I had not repealed the Corn Laws, but had followed the advice of those people,' pointing with his hand to the back benches of the Conservative party." England was therefore saved from "political" disturbance by an "economical" reform, according to Sir Robert Peel.

² *E.g.*, the Welsh may have Disestablishment if they will support a Home Rule policy for Ireland.

in this double and blindfolded fashion—to create a crisis, in order that justice may be unequally dealt out, and that their popularity may be maintained. But in such an instance it is appalling to discern the heavy sacrifices that are made. And finally these sacrifices are felt by the general public. Of two interests, both lose something when they succeed in carrying a scheme which affects them but only partially. The loss may be slight; it may be nothing more than the abrogation of self-respect. But it does not end there; it has its consequences upon subsequent occasions and after-ages. Thus is the political factor driven to consider large questions not from a comprehensive view, nor in themselves, but as questions from which is to be derived some addition to his selfishness. For this self-interest becomes mere selfish action when what he gains is at the cost of the general welfare of the State.

To prevent such repugnant trafficking in interests, and to destroy those springs which taint our self-respect, will be the object of every one who believes that our real progress depends not upon the surrender of our judgment, but upon the maintenance of our individual independence.

Now the repeal of the Corn Laws was carried in the former way; it was effected by a surrender of judgment.

§ 24. "*Capital diverted from less to more remunerative sources,*" in free-trade argument, refers to commercial operations of the whole world. It does not apply, except injuriously, to one nation, when other nations pursue a different commercial policy.—What did the repeal of the Corn Laws do at once, and what did it tend to do here-

after? It did not have any greater influence on the price of bread than would have happened under protection till 1866. But when the imports began to assume formidable dimensions, then the price of wheat began to go down. There was a tendency put into being by the repeal of the Corn Laws to destroy the welfare of our agriculture. Cobden never thought this tendency could become so powerful as it has done.¹ He intended foreign competition to increase the annual produce of the soil. Now let us observe the two periods, in the former of which a free intercourse in corn did not cheapen bread, and in the latter of which it has exercised a constant influence in lowering its price.

1. There was an excessive activity in our manufacturing industries. Our agriculture was not, on the whole, at first severely depressed, though some inferior and unremunerative soils (rendered so by the new conditions) went out of cultivation, and its means of advance were removed. There was a change in the incidence of taxation. The manufacturing classes had to bear the burden of an income-tax. The landlord class did not suffer from the abolition of the Corn Laws; on the contrary, their rents rose. The only classes which suffered from the alteration of taxation were the professional classes, and the owners of fixed incomes.

¹ This was the capital error into which he was led by taking a fixed view of the operation of this tendency. Because, in 1845, there was but a surplus of one million and a half quarters of wheat in the granaries of the world available for our deficiency, so twenty years hence, or forty years hence, this proportion was to remain the same, for Cobden inquired, Where was the corn to come from? From the Mississippi. Then Cobden replied, the cost of transit would not remunerate the buyer (p. 152).

Thus, while agriculture nearly maintained her level, and, though the opportunity existed, the chances of seeing foreign goods in our markets were considered to be very remote, we could not be said to suffer any actual loss through the free-trade measure. For what little we lost in agriculture we more than compensated by the moral influence of free trade upon manufacture. But the tendency to throw corn-land out of cultivation was growing apace, though in the excitement of our manufacturing prosperity it was ignored. But when we reach the next period we see a different state of things.

2. Manufactures still flourishing, though their advance is becoming checked. Agriculture depressed; the price of corn constantly receding; only the very best soils yield a profitable return. The amount of income-tax increases for a while, but afterwards becomes stationary.

Here we reach the stage when agriculture becomes depressed.¹ Bread has become cheaper. This is what the manufacturers wanted long before. But observe, when this desired result appeared, it was at the time when their progress was in the course of being retarded. It was a good thing then for the labouring classes to have cheap bread when the manufacturers would, perforce, reduce wages. But at what expense was this gain

¹ The depression of agriculture began to be felt in Ireland and Scotland. In Ireland, in 1853, no less than 250,000 small farmers were forced to quit the soil. The consequence of this upon the material prosperity of Ireland is easily recognised, and Mr Isaac Butt (quoted from the 'Fair Trade Journal' of May 20, 1887) further declared that "what had then occurred in Ireland was but the prelude to what would occur in England."

to the manufacturing interest obtained ? It was brought about by the commencing destruction of our agriculture.

We cannot say now that this repeal of the Corn Laws has acted in the self-interest of the nation. The duties on corn were remitted ; consumers eventually gained thereby, but "producers" have lost. When the duties on the raw materials of manufacture were abolished, we saw that the balance was on the side of gain to both consumers and producers. But now we see that, by the repeal of the Corn Laws, consumers have benefited at the expense of the producers.

This is the contrast which, we think, is worthy the attention of the reader. Seeing that the self-interest of the nation is the sum of the self-interests of all its industries, we can now discern how the remission of one species of tax may improve the national interests, while the repeal of another may injure them. It does not follow (though the practice of the free-traders tells us that they somewhat arbitrarily, we do not say ignorantly, assume the truth of the universal conclusion), that because you can show that some taxes upon our trade and commerce at some time work positively to our harm, all those taxes must necessarily bring about the same injurious consequences.¹ Nor is it the fact that because some taxes on trade have been pompously described as fetters, that all taxes are fetters on trade. But it conforms with the arrogance of the free-trader, who is aware nowadays that free trade is not solely responsible

¹ This is to argue from a part to the whole. But such is only valid when all the other parts are similarly conditioned. Nobody can assert that our agriculture and manufacture are now, and were then, surrounded by similar conditions. It is not even true of the several branches of our manufactures.

for our former prosperity, to condemn every kind of policy which is not a free-trade policy. And it is certain that he will state that neither the consumers nor the producers "are" hurt by our present free intercourse in corn. We are not injured, says he, for it is much better to have bread cheap than dear. But what does he say to the question, "Have the agricultural producers been injured by this free trade in corn?" They cannot but affirm the injury. But how do they balance it? They adduce a greater gain. They point to manufacturing prosperity. Our manufactures are increasing, and consuming the labour displaced in agricultural districts.¹ And they end a mere verbal description of what no doubt was originally intended to be, with the portentous proposition: "Capital and labour are diverted from less to more remunerative sources."

Now such a proposition may be true enough when there is abundance of resources. But when these resources are limited, such a circumstance will, in the opinion of most people who are not free-traders, limit the value of that otherwise excellent doctrine. For, let us suppose that agricultural labour has been consumed in manufacture; when depression comes upon that manufacture, there will be a tendency for much of her labour to be displaced to more productive sources. But our manufactures are the "natural" industries of

¹ The reader will observe a certain amount of assumption in this statement of the free-trader, when he reflects—(1) that emigration rapidly increased during the early part of our free-trade policy; and (2) that the relative degree of the national pauperism has not undergone any sensible diminution. On the contrary, during the last few years, the tendency has been for pauperism to increase in the metropolis.

the country. It was Cobden's aim to make them predominant in the markets of the world. When, therefore, they are depressed from various causes, or absolutely checked by the protective tariffs of other countries, how are you going to consume the labour displaced by those adverse forces? One thing is clear, that British capital unproductive at home will seek employment abroad. It will be diverted "from less to more remunerative sources;" but you must mark the application of the doctrine. It no longer refers to a single community, but embraces the world. And as other nations do not return those advantages which we give them, this doctrine, like all the other free-trade doctrines, when they are applied to a set of circumstances in which mutual free trade does not exist, cannot but injure the free-trade nation. They obtain, by the assistance of the ardent British free-trader, our capital. What ought to have employed British labour, employs foreign labour. And the same free-trader draws the conclusion that we are the gainers by such unpatriotic conduct! For he says that the interest of that capital comes back to England in the shape of goods. We are all the richer, therefore. But he seems to struggle very hard to obtain this moderate benefit from his free-trade doctrine. He appears as if he were striving to avoid colliding with certain facts,¹ which

¹ Under protection it was a good thing for this *interest* to be consumed in our country, all its resources being engaged in the production of wealth. But under free trade, when all our resources are not so engaged, to divert capital which might be employed at home, and to reap the benefit of interest when we ought to enjoy the circulation of the capital which gives rise to it, is certainly, in the labour interest, not a good thing. Thus, a million is diverted to the United States. The

would stun him. He does not care to tell you that the capital formerly employing labour in this country must leave behind it labour unemployed. Nor does he seem to be conscious of the circumstance that to employ interest, when we might be using the capital which supplies that interest, is not the best possible manner of conducting the business of the nation. We gain the interest only: the foreigner has his labour employed by our capital. It is difficult for the free-trader to conceive that, under another state of things, we might not only acquire the interest, but likewise derive the national advantage of the additional employment of labour, by means of the capital which is now diverted from less remunerative channels in this country to more remunerative ones in foreign countries,—in other words, to lighten the burdens which weigh so heavily upon the occupation of capital, by affording our industries, according to Huskisson, “due and proper” protection.

interest is £50,000, and employs, say, 760 labourers. But the capital, if employed at home, and it would be employed were our industries protected, would employ 15,200 labourers.

CHAPTER XI.

UNIVERSAL FREE TRADE AND MANUFACTURING SUPREMACY:
THE IDEAL PICTURE—PARTIAL FREE TRADE AND BRITISH
MANUFACTURING DISTRESS: THE ACTUAL FACT.

“The prosperity of Manchester is another expression for the well-being of England. When that great town and the immense population dependent upon it cease to advance in prosperity and in wealth, the star of England has culminated. Failing trade will soon undermine the foundation on which every other interest rests. Our teeming population, deprived of employment, will soon convert this happy land into a warren of paupers. Nor can the retrograde movement stop even at this stage. A dense population, maddened by disappointment and rendered desperate by irremediable want, will soon fall into a state, from the contemplation of which one may well turn away.”¹—SAMUEL JONES LOYD.

THE “REAL” AND “OSTENSIBLE” OBJECTS OF THE MANCHESTER SCHOOL—THE WEAK POINT OF THE MANUFACTURERS’ ARGUMENT DISCOVERED BY SIR ROBERT PEEL—THE EFFECT OF UNIVERSAL FREE TRADE ON OTHER NATIONS NOT WELL CONSIDERED—IMMEDIATE SECURITY FOR US, UNCERTAINTY FOR THEM IN FUTURE—THE STIMULATING INFLUENCE OF CORN IMPORTS INTO THIS COUNTRY NEUTRALISED BY POLICY OF FOREIGNER—THE IMPORTANCE OF HAVING AN ACTUAL GUIDE, IN PLACE OF A PRINCIPLE, TO CONTROL OUR COMMERCE.

§ 25. *The extension of manufacture not resident in cause put forward by free-traders—viz., foreign demand*

¹ Quoted from Cobden, pp. 44, 45. Mr Loyd was created Baron Overstone.

for corn. Sir Robert Peel shows that this cause is not powerful enough to produce desired effect.—Let us endeavour to lay bare the motive which the free-traders had in disturbing the protectionist doctrine that the welfare of the nation means the welfare of each class and interest composing it. There was some strong influence at work urging them to destroy that relationship which had always existed between the agricultural labourer and his master, who was condemned because, his self-interest concurring with that of his landlord, he added to the political influence of the latter. There was a dominant power in existence which likewise created a tendency towards the disruption of those intimate relations which had grown up between the manufacturer and his labourers. Under protection the interests of the master and the man were identical. But free trade disordered the direction of these interests: they have become divergent. What was the object, then, of the free-traders?

It is found in the scheme which they devised for converting all the interests of the nation into one vast manufacturing interest. This is no exaggeration; at least, if it be so, the exaggeration was entertained by Sir Robert Peel, before he was forced to alter, not his opinions, but his policy. All who are conversant with that statesman's speeches will remember the occasion when, speaking against some of the future results of a free trade in corn, he ascended a hill, a lofty position, and worthy his intellectual eminence, and surveyed therefrom the fields of England waving with corn, the surest sign of her greatness and prosperity.¹ He be-

¹ Sir Robert Peel's Speeches, vol. vi. p. 94, edited by Dr Cook Taylor.

lieved then in the doctrine that the nation, over which he exercised so peculiar a destiny, ought to be self-supporting ; that all its interests ought to be conserved, and external attacks upon them counteracted. In short, he was the exponent of the policy of protection, under which he asserted—and the assertion is of value as coming from such an authority—that the country had prospered, and prospered in no ordinary degree.

Now the following was the underlying motive of all the free-traders' design, both economical and political. They intended that England should be nothing less than one gigantic workshop. They saw the means, as they lightly thought, of the consummation of their idea, but in the process of giving them effect, they were involved in all kinds of difficulties. Those difficulties arose mostly from a determined opposition on the part of the agricultural interest. As Cobden accurately observed, the repeal of the Corn Laws was the key-stone of the arch of free trade.² After their repeal, the rest of the national trade becomes free, as matter of course.

Contemplate for a while the effects of so vast a project upon the social and political wellbeing of the community, both which were, in the opinion of the free-trader, to ensue upon an increase of material prosperity. The agricultural labourer (and in his class the free-

He had been arguing that the Corn Law was a provident insurance against the dangers of famine (and he might have added, of war too) : “ How perfectly baseless must be the anticipation that there will be a boundless demand for our manufactures in exchange for foreign corn, if the Corn Laws were repealed ! Is it credible that a regular future demand of 1,000,000 quarters—that is, 250,000 quarters in addition to the past supply—will produce these enormous benefits ? ”

¹ Cobden's Speeches, pp. 39 and 177.

trader included all those who preyed upon the agricultural interest¹) would be elevated. There would follow a greater demand for his labour. His wages would be increased.² It was a proud thing to make a boast of, that the sources of his degradation would be destroyed at a single stroke. There would be a greater demand for labour in the manufacturing towns. And the wages of the operatives would rise. Their surroundings would be placed within range of being made more comfortable. They would have more to spend upon their own comforts and the educational advancement of their children. As they became more educated, their moral tone would rise ; they would be in a position, from a sense of responsibility acquired by the virtue of free trade, to take their proper place as "natural factors" in the government of their country. They would become enfranchised. But it was a matter of some importance that their enfranchisement should not be effected by narrow party means. This Cobden recognised. But just as he had brought to bear a "superior" force upon Sir Robert Peel's intended course of action in 1842, so the Liberal party coerced Cobden into surrendering what he at first regarded as a national undertaking into a party policy. Free trade, with all its collateral appendages, became the central support of the Liberal and Radical party.

¹ There is reason to believe that inaccuracy of observation with reference to the degradation of the agricultural labourer prevailed to a large extent. There existed in Cobden's days groups of people who lived a sort of gipsy life. These were in a very destitute state. But they did not belong properly to the agricultural interest.

² In this way, more labour was to be employed upon agriculture, because we were to increase our annual returns by one-fourth. Hence demand would be greater than supply, and wages would rise.

Thus political power—which Cobden denounced in his days as being a monopoly and exercised to the material disadvantage of the labouring classes generally,¹ but the agricultural labourers in particular, because the landlords were the object of his attack—would become better distributed. And thus the voice of the people might be heard.

But let us recall the fact, likely to be forgotten in the heat of argument, that though Cobden attempted the destruction of what he thought was a political monopoly of the aristocracy, yet he did not desire their annihilation as a class. He aimed at lessening their political influence as landed proprietors.² The free-traders, now become the Radical party, do not adduce this circumstance in their survey of Cobden's attitude to the aristocracy and the landed interest. Because Cobden wished to destroy a “monopoly” in land, more for certain political reasons than economical ones, he is brought forward as favouring the social destruction of the “ruling class.” But such conclusions are just of the same fallacious nature, always inferred by the free-trade enthusiast. Their error lies in keeping back the true position which Cobden took up. They wilfully avoid making an accurate analysis. They use such of his arguments as serve their immediate purpose. The lines of progress are not his, but of their own construction. So far as Cobden was concerned, the landed interest stood in the way of his reforms, but only partly

¹ Pp. 35 and 136; also p. 144. “But a bad case at the best is the condition of the agricultural labourer, and you will have to look out, before it is too late, how you are to employ him.”

² At first. Afterwards we find him considering the possibility of another form of government.

in the way. In the reforms of the progressists of to-day, the great landed proprietors stand completely in the way. And the reformers adduce Cobden as a witness of the justice of their cause. But the fact is that Cobden recognised the importance of the aristocracy, and their privileges and power, in the constitution of his country. And the reason why he brought discredit upon that class, is because he believed that the aristocracy unduly increased their privileges and improperly exercised their power. And he used the popularity gained in this way, as a lever to effect the elevation of the mass of the people.

But were any present difficulties observed, or any future ones entertained, which would interfere with the maintenance of their noble project, if once attained? None whatever, either immediate or remote. Material prosperity, upon which was founded moral, social, and political advancement, was demonstrated upon the clearest evidence to continue for ever. There would never be the slightest amount of labour unemployed in this country, so long as all nations bought in the cheapest markets and sold in the dearest ones. We are but displaying Cobden's own views. For he predicted—and the certainty of such a continuance of prosperity, so auspiciously begun, depended upon the falling out of that prediction,—he predicted that all nations would become free-traders within five years (!) of the inauguration of the free-trade policy by England.

It is essential to discern upon what the stability of all the subsequent reforms of the great innovator rested. Their support was material prosperity.¹ That material

¹ Here we may allude to the fears which the manufacturers entertained of the progress of their rivals, especially in Germany and the

prosperity was, in his opinion, the sure consequence of a universal free trade. To effect this, and to give our manufactured produce the supremacy over all others in the markets of the world, every other interest in this country was sacrificed. Given the condition of the world's markets which Cobden aimed at securing, and our prosperity was established. We might then experience the advantages of being able to buy in the cheapest market and sell in the dearest; and of diverting our capital from less to more remunerative sources. But that condition is as far off now as it was in Cobden's times.

§ 26. Remote consequences of remission of duties not considered by free-traders, who remain content with immediate effects.—The idea of a universal free trade, in practice, did not first occur to Cobden's mind. And perhaps the knowledge of the circumstance that free trade might have been generally practised among nations, when the affairs, commercial and otherwise, of the several peoples were in process of adjustment after the termination of the great struggle on the Continent, exercised too powerful an influence upon him. A universal free trade might then have been fairly put into operation, because all surrounding conditions were favourable.¹ But if practicable in 1820, it does not follow that it should be so in 1845. That was the very

United States. But why need they have feared, when we have it on Cobden's authority that "their labour was the cheapest in the world," so far as quality was concerned. Was this advantage worthy of preservation?

¹ The petition of the London merchants, drawn up by Thomas Tooke in 1821, goes to show that the opinion was entertained by many of the leading men in the commercial world. It did not meet with

contention of Sir Robert Peel, who argued that interests had grown up since those times which ought to be protected. But seeing the popularity to which the 'Wealth of Nations' had attained, it would certainly seem strange had it occurred for the first time to Cobden to put the principle of free trade into operation. It would have reflected either an extreme amount of prejudice on the part of those statesmen who had charge over the conduct of our commerce since Adam Smith's time, or else an inability to determine the consequences of the new policy, in its partial development under a system of protection, or in its isolated action. But such is not the case. We know that William Pitt developed freedom of trade under protection, when he removed many restrictions which in course of time had become injurious upon trade at home. And this development of the freedom of trade was continued by William Huskisson when he made those extensive innovations in our external commercial policy, all which, with but one exception, were associated with an increased trade activity. But to open up all our commerce with the world, though it was possible, as it is averred, at one particular period, was never seriously contemplated by our leading statesmen. Sir Robert Peel convicted Huskisson of vacillation. But we venture to state that the principle which guided the latter's commercial policy has not been properly understood. Even Sir Robert Peel asserted that under our then condition, as so many interests had grown up under the system of protection, it was but just to those interests for the favour, on the ground that we could not become free-traders unless other nations did.

State to continue its protection to them. If all the nations were to start afresh, if they had never been influenced by any commercial policy, then he admitted the principle of free trade as being efficient to induce all these beneficial results claimed for it by its admirers. We had not, however, to deal with abstract cases; we had certain facts of experience before us, and our policy must be so framed as to develop rather than injure the several interests of the nation. This was Sir Robert Peel's view,¹ and it was carried down from Edmund Burke, William Pitt, and William Huskisson. But, on the contrary, Sir Robert Peel vacillated, and we know the reason of it. It was not simply to inaugurate a grand commercial policy, but it was, in his judgment, to save the State.

The idea of a universal free trade had been conceived, but the opportunity of giving it effect had passed by. One restraining influence which prevented many eminent men from advocating what, on the first blush, appears to be so fascinating a policy, was the way in which such a total change would be received by other nations.

For those nations pursued a self-interested course, exactly as we did. If we changed our policy in an arbitrary fashion, and to their detriment, was such conduct likely to be regarded without jealousy and without

¹ Speeches, vol. ii. p. 187: "I stated, and I am now ready to repeat that statement, that if we had to deal with a new society, in which those infinite and complicated interests which grow up under institutions like those in the midst of which we live, had found no existence, the true abstract principle would be 'to buy in the cheapest market and sell in the dearest.' And yet it is quite clear that it would be utterly impossible to apply that principle in a state of society such as that in which we live, without a due consideration of the interests which have grown up under the protection of former laws."

increasing any irritation which might be felt from existing commercial restrictions?¹ It might be argued, and most probably would be argued by the foreigner, from the nature of international treaties of commerce, that England found it to her interest to remove all, or nearly all, restrictions upon her external trade. "What was the motive of such a policy? To set us an example, and perhaps force us to follow it. But what would be the outcome of such a policy? Certainly, on the one side, England's continued prosperity. What share should we possess of prosperity? We should have to produce for England what she wants. But these wants are not manufactures. And our manufactures would be certainly impaired if not destroyed. The stimulus to the growth of our towns would in great part be absent. And while we advanced but slowly, England would be making rapid strides." Under such circumstances England would be able to afford the loss of all her industries which were not "natural" industries, and even of agriculture, which was such.

Would other nations agree to this state of commercial affairs? Experience had to decide. And that experience has told us that not only have foreign nations recovered from the crushing blow which our isolated policy inflicted at first upon them, but also that they have grown so rapidly as to be able now to retaliate upon the free-trade country the miserable consequences of her arbitrary action. Our manufactures were admitted so long as they were wanted, and we

¹ Universal free trade would have restricted, in a very large degree, the industries of nations. For instance, at starting, our manufactures would have swamped all foreign manufactures.

received partly in return for them other articles and food-stuffs. But the time has come when our manufactures are no longer received on the same favourable terms. Our industries have been checked; for the manufactures of other nations are protected. But all the while we are compelled to depend upon foreign supplies for the larger part of our food.¹ And thus we are receiving an increasing supply of wheat and certain goods, while they are taking a constantly decreasing quantity of our manufactures from us.

It was to secure this result, which unfortunately for the free-trade policy has not been effected, that our manufacture was elevated, while all other interests were left each to work out its own progress as best it might.

This was the vision which Cobden saw, and it was the certainty of its becoming a reality that led him into the unscientific position of applying the same kind of treatment to all the various industries, as well old and well-established (but one needing protection) as young and growing, and therefore the more necessary to be conserved, of his country. He changed our commercial policy, but he left it with many weak points. Against these are levelled the energies of all nations able to take advantage of them. Now, in what way does our manufacturing superiority—the stronghold

¹ To the extent, during the last ten years, of £200,000,000 of wheat, according to the statement of Lord Derby, reported in the 'Standard.' But according to the economical doctrines of Cobden, we ought to pay for their food with the produce of our manufacture. Hence the "stimulus" to our industries, which has grown so big as not to have been even dreamt of by Cobden. But what he thought would be a stimulus to our manufacture, time has shown to be nothing of the kind. At present, year by year, we do not pay for all our food with our manufactured goods.

which he thought he had made unassailable—make amends for these inroads? For if we lose in one direction, we must balance the loss by an equivalent gain in another, unless we agree upon the conclusions, that the nation can bear the loss without any internal derangements; that it is expedient for this country to experience a “transitory depression,” so as to check the rapid advance of the working classes; and that we are doing our duty to mankind in bolstering up a principle which is eventually to end in the regeneration of the world,¹ and that in the process we must needs suffer some of those adverse consequences which belong to the attainment of this ennobling object.

Most people who are not free-traders, are witnesses to the sacrifices which their country has already made and is continuing to make. Is this phenomenon of bleeding into other countries to go on till we ourselves are so reduced as to become (when it is too late!) aware of it? Is it to proceed for the benefit of a particular class, who are opposed to any alteration in our fiscal system on the ground that it will lead to a general revision, in which their own special interest (already grown too big at the expense of the general public) will be relieved from the monopoly which at present supports it? or for the maintenance of the popularity of that party in the State, whose only claim upon the people is that it has developed the principle of free trade? But regard the conditions of the country when these successive increments to the power of free-trade were established, and trace the underlying

¹ In Cobden's words, “Free trade was to unite all nations in the bonds of peace.”

motive which prompted them. They were introduced at such times when their results could not be otherwise than favourable.¹ If you question the soundness of those reforms, you are presented with a series of statistics to the effect that production was increased and that consumers were benefited by lower prices. This is supposed to be a final argument; but the problem has another aspect. It has to do with the "remote" as well as the "immediate" consequences of change. Will these conditions remain the same? If they alter, so that while prices are cheap, and become cheaper because demand is decreased from inability to acquire, the means of consumers (who are also producers but in other branches of industry) are contracted, then these so-called benefits appear of doubtful advantage. Why? Because the reform which made some articles cheap, has made the production of other articles unremunerative. This is but one of the collateral results of such reforms. But it takes time to become sufficiently intense to be observed as a "sign." In the interval, however, there was increased activity: and for this blessing conferred, the support of those interests are exchanged; and thus a party became powerful by successive but temporary stimulations applied to the various trade industries of the country.

But the general public did not perceive that such periods of increased activity would be temporary. It was not the object of the Liberal leaders to expose the evanescent nature of their action. Admit the tem-

¹ When, by reason of the fact that capital was being diverted from agriculture, there was a glut of money in the markets, it was therefore concluded that the nation could afford the remissions.

porary gain, if you please ; but you cannot argue from it alone or the means by which it was effected. To deduce the true conclusion, you are bound to relate this temporary gain with the steady progress of each industry before its occurrence, and the subsequent reaction of depression consequent on it. It is thus that you will be able to discern the real nature of such artificial changes, and the fictitious support which they have acquired for the innovators who made them.

But the free-traders answer that the changes wrought in our commercial code are not artificial changes, but sound and natural ones. To this the protectionist replies, that such changes would be sound enough, did subsequent events correspond with what the free-traders originally predicted of them ; for with such conditions the efficacy of their reforms, once begun, would continue.¹ The means they used to stimulate our trade were not of a kind to prevent depression under all possible conditions ; so that, when once depression began to reign, the nation found itself absolutely without control over its course.

§ 27. The central force controlling our trade and commerce abandoned by the free-traders. Cobden's so-called "natural regulator" has broken down.—That controlling power, the virtue of which Pitt recognised and Huskisson would not let go, was abandoned by Cobden and

¹ In other words, the action of a principle varies with changes in its surrounding conditions. The free-traders predicted such an alteration of those surroundings as would favour the operation of free trade. But such changes have not been effected. Thus our free-trade policy acted upon a set of conditions. It induced a primary change in them. But now the reaction has set in, contrary to Cobden's prediction.

the free-traders. The reins of the vehicle of our trade, held with degrees of firmness according to the separate surroundings of each industry, but yet capable of being relaxed or tightened in each as alterations in those surrounding conditions required, were laid aside. And the bulk of our trade and commerce comes to be likened to a ship sailing at first in smooth waters, but afterwards in a dangerous channel, and without a helmsman. Its direction was left to an ideal force. There was a theoretic guide to conduct the whole, but there were also on board several leaders whose policies were antagonistic. Many deserted the unsafe craft when they saw disaster looming before it. This ship of commerce, whose rudder was directed by external forces created to impede its progress, is nearing the shoal which foreign protective tariffs have made, if it be not already sunk in it. But what destroyed the helmsman, for the commands of our theoretic guide still find voices of free-traders to express them? It was the new theoretic guide herself! This guide no longer issued her commands to one country, she delivered them to all nations on the earth. Would they heed them? When they were given, this was by no means certain. Experience had to decide this, as all other questions. But the prosperous course of our ship of commerce depended entirely upon this contingency. And now, while every other country has a directing power, England has none over the future career of her trade and commerce under free trade.¹

¹ It is curious to notice that in every large system, projected with a view to progress, there is somewhere a restraining influence. In our commerce, protection represented it.

What, then, you will inquire, determined those exponents of the public opinion of an age just gone by to yield up all control over our trades and commerce? Was it merely national self-interest? or was it the pursuit of some private views? Both these elements are found in the complex motive which led the nation partly to believe in free trade. But the great and preponderant element—the central one round which the commercial reform turned—existed in the removal of all restraining influences which were supposed to fetter trade, to diminish the productive powers of the country, and prevent commodities from becoming cheap.

Restraints upon trade—taxes and duties which were fetters upon production and consumption, which interfered with “abundance,” and which caused an artificial dearness at home as compared with the natural prices of foreign markets; all alike came beneath the sweeping condemnation of free-traders. No matter its real action, and whether or not any reasonable exception could be made to any tax or duty, all taxes and duties were restraints. It seems, for no other reason than because some taxes and duties came at a particular period of their progress, to bear heavily upon a special industry. Thus taxes and duties came to be offensive to some leaders of the people, not because they were so in reality, but because they were made to appear so by the free-traders.

We leave it to the impartial to decide whether the universal proposition is valid in the instance of restraints. If they remember that those restraints had various tendencies (carefully suppressed by the free-

traders), which were justified by the differences in the surrounding conditions of each industry, then they will perceive the force of the "universal" conclusion.

Now there was this grand achievement under the system of protection. It harmonised the conflicting interests of some industries at home, before it cast eyes upon its external trade. "Take care of the home industries, and let our external trade take care of itself." But such a policy could not be carried out without the imposition of many restraints. And yet, out of all these restraints, each interest of the nation found its account.¹ And with the continuance of these restraints there existed the least unfavourable conditions for internal disorder and distress.

But under the policy of free trade, the home industries have been left to take care of themselves; and all efforts are directed towards making our import trade as vast and as cheap as possible.

This is the difference effected by the change of commercial guides. It is impossible not to conceive that the labour interest of the nation must suffer under the

¹ "Protection to all is protection to none."—P. 182. "Let us, once for all, recognise this principle, that we must not tax one another for the benefit of one another."—P. 198. Such were Cobden's conclusions. And he supported himself on what the Duke of Wellington asserted: "Taxes are levied only for the benefit of the State." But Cobden's position refers to a universal freedom of trade. "Protection," said he, "takes from one man's pocket, and allows him to compensate himself by taking an equivalent from another man's pocket." Thus protective nations take from England's revenue, but what does the free-trader get in return? The "vicious" circle is interrupted. It is not the case that all are robbed to enrich none. But some are robbed; and some, therefore, must be enriched, on Cobden's own showing. And the hands of industry are tied up—in what direction?

latter condition, when the balance of imports over exports is against us. For under free trade we cannot conserve the industries of the country. These decline, as agriculture has declined; and the order in which they decline depends upon the forces they have at their disposal to resist the adverse consequences of unequal competition.

CHAPTER XII.

THE ONE-SIDED FREE-TRADERS AND INCREASING IMPORTS—
“NEW DOCTRINES TO SUIT FRESH CONDITIONS.”

“The world is still deceived with ornament.”
 “There is no vice so simple but assumes
 Some mark of virtue on its outward parts.”
 “Thus ornament is but the guiled shore
 To a most dangerous sea ; the beauteous scarf
 Veiling an Indian beauty : in a word
 The seeming truth which cunning times put on
 To entrap the wisest.”

—SHAKESPEARE.

THE “UNEXPECTED” DEVELOPMENT OF COBDEN’S FREE IMPORTS—INSTEAD OF GROWING 20,000,000 QUARTERS, WE IMPORT 16,000,000 QUARTERS OF WHEAT—COBDEN AND THE CHARTIST MOVEMENT—THE NATURE OF THE SUPPORT GIVEN TO COBDEN—HOW IT WAS HE AND HIS COLLEAGUES COULD MENACE THE PRIME MINISTER WITH CIVIL DISTURBANCE—CORN IMPORTS FORM THE GREAT BULK OF OUR IMPORT TRADE — EXPLAIN THE DIFFERENCE BETWEEN EXPORTS AND IMPORTS—OUR ABILITY TO PAY FOR IMPORTS DEPENDS IN GREAT MEASURE UPON STATE OF OUR EXPORT TRADE—BUT LABOUR INTERESTS ENCROACHED UPON BY STATE AIDS TO FOREIGN MANUFACTURES—UNIVERSAL FREE TRADE WOULD BEAR UNEQUALLY UPON SMALL AND UNFAVOURABLY PLACED PEOPLES—FREE TRADE AND RACE ANTIPATHIES—FOREIGN SECURITIES DISCHARGE OUR CORN-BILL—TENDENCY TO DISPLACEMENT OF BRITISH LABOUR SLOW, AND THEREFORE INSIDIOUS.

§ 28. *Free trade does not tend to induce commercial equality among nations whose original surrounding con-*

ditions are unequal.—We know that Richard Cobden never expected that the imports of corn into the country would assume a formidable amount, under a free intercourse in that commodity. And we know, too, that he pointed in the direction of Russia, as being the principal source whence we were to derive our additional supplies. How he ridiculed the idea of “valleys of corn”¹ growing in the western hemisphere! And as to our colonial supply, it was so insignificant that it was scarce worth keeping up.²

But on this, as on so many other occasions, though he peered into the immediate future, he did not dip far enough. The remote future—that period involving the first generation after him—was a blank.

What were Cobden’s sentiments in 1847 and 1848, when the corn imports were respectively 11,912,864 quarters, and 7,528,472 quarters?³ and whether they underwent any change or not from that original and enthusiastic frame of mind, in which he set forth his convictions that a free trade in corn would stimulate the British farmer to produce more extensively, we do not know. For Cobden never alluded to this “unexpected” development of his favourite policy. But it is

¹ To this end Cobden quotes from the ‘Times’: “And we make no doubt whatever that reasonable and candid men will be astonished above measure at the universal nakedness of the land. The Baltic and the Euxine, the Mississippi, are names of terror to some minds.”—P. 152. But were the alarms of the protectionists unfounded? Who was in the right, Cobden or Lord Stanley?

² In 1841 Sir Robert Peel advocated the policy of introducing colonial wheat free of duty.

³ Kolb’s ‘Condition of Nations,’ translated by Mrs Emma Brewer, p. 76: G. Bell & Sons. Parts of these large quantities were due to the hoarding up of the surpluses of previous harvests.

now evident that his information respecting the resources of corn-growing countries was restricted; he appears not to have made this department of economical knowledge as free as it might have been made. It is possible that M'Culloch was in large degree responsible for this contraction of the subject. But whether M'Culloch was more influenced by Cobden, or Cobden by M'Culloch, is difficult to decide. We have a clue, however, to one solution. Cobden was in favour of the repeal of the Corn Laws from both an economical and political standpoint. M'Culloch was in favour of the sliding-scale from an economical point of view; but in 1841 he¹ considered the matter from its political aspect entirely; and he arrived at the conclusion that it was expedient to repeal the Corn Laws, as being the safest means by which the integrity of the constitution might be maintained. M'Culloch sacrificed his economical doctrines for a political object.²

Now, let us analyse one of the grounds which prompted Cobden to advocate the repeal of the Corn Laws.

As population advanced, it became necessary to extend the cultivation of wheat to inferior or to new soils. Such could not be effected without determining more capital into the hands of the farmers. And to

¹ See his pamphlet on the Corn Laws, published in 1841. The Duke of Wellington also took the same line as M'Culloch.

² It is of importance to notice, however, that M'Culloch's judgment on the question of a free intercourse in corn underwent a very serious change. But it may be explained from the facts, that the conditions affecting our agriculture likewise underwent a change between the appearance of the 'Principles of Political Economy' in 1830, and the pamphlet on the "Corn Question" in 1841. In 1830 he was on the side of free trade; in 1841, on that of protection.

bring this about, it became necessary first of all to raise the price of wheat.

Now, such a measure, even in times of prosperity, is not regarded with favour by the labouring classes. In periods of depression, then, it would be looked upon with alarm, and be the occasion of much dissatisfaction, if not of a dangerous movement of the people.

When Cobden commenced the agitation for a free trade in corn, the country was suffering under a normal¹ and periodic depression. He appears to have associated in his mind agricultural distress and manufacturing depression in the relationship of cause and effect. And when the influence of the seasons was further to be taken into account, it was obvious that the contentment of the people rested mainly, if not altogether, upon an efficient supply of food at a proper price.

Did he entertain the probability of a political revolution ensuing on a rise in the price of wheat, as it inevitably must rise, if the soil of our country was to produce an increasing supply to meet the increased demand of a growing population ? It is nearly certain

¹ The depression of 1836 was predicted. The country had been enjoying a period of prosperity, longer than it had ever known before. —*Vide* Mr Loyd's 'Reflections on the State of the Currency,' 1837. Now, during this prosperous period, so far as the price of corn is concerned, there are two stages : the first stage, in which the price of corn is relatively high ; and the second, in which it is relatively low. But, according to Cobden, when corn was high depression reigned. There can be no doubt that depression existed with corn at a high price, and that it exaggerated the mischief. But to assert that depression always existed with high prices of corn, is contrary to facts. Mr Loyd ascribed the depression to the abnormal state of the currency. He stated that the public did not get its proper share.

that he did so ; and that, consequently, he aimed at directing the spirit of revolution into an agitation for cheap food. In this respect he acted patriotically,¹ and in the interests of the constitution. His intentions were thus clearly loyal, and we can now perceive why it was that he and his colleagues threatened the then Prime Minister with civil disturbance if he still persisted in opposing the voice of the people. Cobden was assured of the efficacy of his policy in quelling the spirit of rebellion which was abroad. On the other hand, Sir Robert Peel and the Ministry had the safety of a great national interest in their charge. And moreover, there was the question of precedent to be considered. Would the present agitation, if elevated to the shelf of parliamentary precedents, be a source of future dangers ?

The final settlement of the question, however, depended upon a single judgment. This judgment affected the strength of the popular party opposed to the Government. Could it be resisted with safety to the State ? Cobden had already absorbed a great portion of the discontents. He had diverted the course of the spirit of discontent. He had achieved his object in part. But we must not forget the nature and extent of the support accorded to him in his struggle. Knowing that he had a safe, or what he took to be a safe,² remedy at hand, he was enabled to cast all the responsibility of

¹ Thus may it be said that Cobden materially influenced the course of the Chartist movement, which was making considerable progress. But though he stayed its powerful advance, he did not destroy it, as 1848 proves.

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transit" would be greater. If they were able to buy manufactured goods, England would forthwith supply their markets with the cheapest articles. There would be nothing left to all those who did not find employment in the natural resources of their country (and being of secondary importance, they would not suffice to employ all the available labour) but to emigrate to other countries where they might possibly be fortunate enough to procure employment. But as an antecedent to their success, there must be demand for their labour. But what does the progress of manufacture tell us? We learn that with increased production the amount of labour bestowed upon it is reduced. Thus the demand for labour diminishes. But even go the length of supposing that all the labour that can be got is consumed in a special industry, what will happen when improvements are introduced to lessen the cost of production? The demand for labour will decrease. Thus does it seem unlikely that the normal phenomena of manufacturing progress would be affected by a policy of free trade. The course of manufacture has its own inherent blessings and defects, which neither protection nor free trade can alter. No alteration of policy¹ can influence the certain displacement of labour when improvements facilitate the production of goods.

No one can decide, though there may be a multi-

¹ With reference to this point, the reader will be reminded that, after 1850, the emigration from this country was very considerably increased. What was the cause of it? Though our manufactures were being extended, still employment could not be found for all. There is, too, another factor in the consideration of this problem. Free trade ought to have materially decreased the number of paupers. But the fact is, that pauperism tends to increase.

plicity of opinions, whether mutual free trade would diminish trade jealousies and national antipathies. But there are certain data we can use in arriving at a judgment on this matter. Our markets for manufacture are much larger than the markets of the foreigner for other commodities. Which market, then, has the most advantages? Suppose that a free trade did exist between two nations, and the one received more than she gave, there would be a difference to pay. It might be paid in securities, or it might be discharged at some future time by exports, or the debt might be allowed to remain and the interest alone paid, and that in one or the other or both of the above-mentioned methods. Would such a trade policy be the source of jealousy and animosity on the part of the indebted nation?

Let us take one other supposition. In the period between 1850 and 1866 our manufacturers grew enormously rich at the expense of other nations. There are many who think that our manufacturing prosperity was due to free trade alone.¹ But while such was not the cause, let us suppose that foreign public opinion is to this effect: "Had free trade been mutual, England's gain would have been doubled, perhaps trebled, by our markets being open to her. Could we hope to equal so gigantic a success? No. Our means are unequal. The inequality would be against us under free trade. But under her partial system of free trade we shall make our conditions in the course of time equal, by

¹ When free trade began to operate in favour of manufacture was towards the end of her period of prosperity. It did not actually benefit her during the first stage of prosperity. We must, however, regard the "moral" influence of the policy on that stage.

protecting our industries ; and eventually unequal, by encroaching upon her markets. Then the inequality being in our favour, we shall be able to repay a part of our old debt."

We take this to be the attitude of protective nations towards free-trade England. It is as clear that only on such lines could they ever hope to discharge the capital of their debt, as it is clear that, had they become free-traders, they certainly would have increased it.

What has been the reaction of this free-trade policy on ourselves ? It has tended to make things as cheap as possible;¹ to favour consumption while it depresses production.

The old trade maxim was to curtail imports ; the free-trade maxim is "increase them." The protectionist said, "Let us supply ourselves as far as we possibly can ;" the free-trader rejoices that our markets are open to the produce of the world. But as the progress of our trade phenomena under protection has become seriously altered under free trade ; as, instead of advancing exports to meet the wants of an advancing population and relatively stationary imports, we are face to face with stationary exports (without any reference to an annual increment of 374,000) and increasing imports,—certain new theories of the prosperity of our trade have been framed in defence of the free-traders. Thus the protectionists were wrong in inferring the state of the nation from the condition

¹ But not equally. Though the tendency exists, other forces are brought into operation to counteract it. Thus an irregular state of prices is brought about.

of our export trade. Thus Sir Robert Peel was wrong. On this point the free-traders of to-day must allow their illustrious convert to be no trusty authority. The free-trade view, to meet the altered state of affairs, is that the prosperity of our trade is to be measured not by exports alone, but by exports and imports combined. The free-traders are thus enabled to give in glowing terms a very favourable description of the prosperity of our "whole trade." "If we can afford to import to so large an extent, *and thus make our trade more prosperous*, surely it is a sign rather of our growth than decadence."

But it may be remarked here, so that the reader may keep the true course of events clearly in view, that there are two ways of regarding these excessive imports. We may relate them to the capital or to the labour of the nation. Taking the latter relationship first, we find that the present produce of our labour is too small to pay for all our imports. But we might very well employ more labour. And a certain proportion of our labour is displaced by the free admission of commodities which we could produce ourselves. Hence we must pay for the surplus amount, beyond what is met by the produce of present labour, with capital or the interest of capital. This capital is the result of past labour hoarded up and invested to a large extent in foreign securities, and then we arrive at the free-trade explanation of international debts. Such are "merely deferred exchanges of labour." In this way the late Professor Bonamy Price explained why it was that our imports continued excessive. We are thus spending some of the capital of our foreign securities at the same

time that we are consuming the interest of the rest, in exchange for the produce of foreign labour.¹ But the Professor saw no reason to complain of such a state of things. We acquired capital, or the representative of capital, in bygone ages. That was a sign of prosperity. But now we are not even paying for our imports with the produce of present labour ; we are consuming capital ; and this is called also a sign of prosperity. But what says the labouring interest of the country ? " Foreign exchanges have come to affect the capitalist's interests : those who can afford to pay acquire commodities at the cheapest possible price, but they pay not the labour of this country but that of a foreign one. But we could, and did under protection, (and under protection trade was made as free as it could be made, with reference to surrounding conditions), produce all those, or most of those, foreign commodities we *now* consume at the expense of the national labour. The interest of consumers no longer reaches to us exclusively. And the consequence is, that part of our productive sources are disused. How, then, can we consume if we do not produce ? So far as one part of the community is concerned, and it is that part of the labouring community which is thrown out of employment by foreign competition, cheap bread has no more virtue than dear bread, if we cannot earn a due and proper wage."

But as regards those who are employed, can they be

¹ The twofold process must not be forgotten, in spite of plausible free-trade assertions. Undoubtedly we consume the interest of our foreign investments. This does not, however, preclude the possibility of spending some part of our capital invested abroad.

said to be in any better position (in *that* position, for instance, which Cobden expected they would be placed), when the proportion of their wages expended on necessary articles of consumption is the same or a little more than under the old system of protection ? Add to this that their rents have increased. And yet another item ; that competition amongst themselves, owing to a constantly decreasing demand for their labour, has reduced their wages to the lowest point. And then inquire what caused this untoward alteration in the demand for their labour ? What disturbed the balance of population in town and country ?¹ And what made their rents to rise ?

Cobden complained in his day, that the agricultural labourer, after the payment of all his expenses, had but little to spend upon luxuries and sight-seeing. Exactly the same description applies to the town labourer of to-day. But Cobden did not complain that they were unemployed ; he desired that their wages should be relatively higher. We complain now that they are unemployed ; and that the cheap bread which Cobden was the principal means² of acquiring for them, has also been accompanied with a gradual, insidious, and therefore all the more treacherous, deprivation of the sources of their employment. For when the springs of employment are slowly destroyed, the process of destruction is apt to remain unobserved, except by those who trace the tendencies in operation to effect it. A cause acting gradually produces not a sharp and sudden explosion, as was

¹ See table at the end of chapter.

² He was the head of an organisation supported by the gold of the manufacturers.

the case of trade depressions under protection. It is, on this account, that in social and commercial phenomena, because we become accustomed to the slow accumulation of effects, we are inclined to think that nothing is wrong. For the reason that there is no obvious sign.

It is the prevention of this further accumulation of these adverse effects which leads all those who have the true interests of the whole nation at heart to display their real causes and urge their counteraction.

TABLE showing how balance of population between town and country has not been preserved by free trade, from W. W. Good, 'Economical Fallacies' (1866), pp. 377, 378. The figures for 1871 are from Kolb, *loc. cit.*, pp. 37 and 45.

	1841.	1851.	1861.	1871.
London . .	1,948,000	2,362,000	2,803,000	3,254,260
Liverpool .	286,000	376,000	444,000	493,405
Birkenhead .	12,000	34,000	52,000	...
Manchester .	243,000	316,000	358,000	475,990
Birmingham .	183,000	233,000	296,000	343,787
Leeds . .	152,000	172,000	207,000	259,212
Sheffield . .	111,000	135,000	185,000	239,946
Berkshire .	162,000	170,000	176,000	226,268
Essex . . .	345,000	369,000	405,000	440,880
Lincolnshire .	363,000	407,000	412,000	428,075
Norfolk . .	413,000	448,000	435,000	430,638
Wilts. . .	256,000	254,000	259,000	244,667

"Exclude from Berkshire, Reading; from Essex, Colchester, Brentwood, Stratford, West and East Ham; from Lincolnshire, Lincoln, Stamford, and Boston; and Norwich, which increased 15,000 (1854-1864), from Norfolk;—and the result does not exceed an increase of three per cent, if there is any at all."

CHAPTER XIII.

PARTIAL FREE TRADE AND THE PRODUCTIVE SOURCES OF THE NATION—THE SUPPOSED CONFLICT BETWEEN MANUFACTURE AND AGRICULTURE HAS BEEN TURNED INTO A STRUGGLE BETWEEN PRODUCTION AND CONSUMPTION.

“ With downcast eyes the joyless victor sate,
 Revolving in his altered soul
 The various turns of chance below.”

—DRYDEN.

THE RELATION BETWEEN THE PRICES OF CORN AND MEAT UNDER PROTECTION DESTROYED BY FREE TRADE—FREE TRADE PULLED DOWN ONE MONOPOLY TO BUILD ANOTHER—THE FINAL PROBLEM TO BE CONSIDERED IS, “ DOES FREE TRADE CONDUCE TO OUR SELF-INTEREST FROM (1) THE MATERIAL, (2) POLITICAL ASPECTS ?”—ANSWERED DIFFERENTLY BY NATIONS, ACCORDING TO THE NATURE OF THEIR SURROUNDINGS—THE TENDENCY OF PARTIAL FREE TRADE TO REDUCE WAGES OF UNSKILLED LABOUR—THE DOCTRINE THAT BEING ABLE TO EMPLOY FOREIGN LABOUR IS SIGNIFICANT OF OUR “ PROSPERITY,” APPLICABLE TO “ LUXURIES ” ONLY, AND NOT TO “ NECESSARIES OF LIFE ”—COMPARISON OF WILLIAM HUSKISSON AND RICHARD COBDEN’S CONDUCT RESPECTING RELATION BETWEEN “ CHEAPNESS AND DEMAND FOR LABOUR ”—WHAT PROTECTION REALLY DID—THE ARGUMENTS OF FREE-TRADERS DERIVED FROM “ DEPRESSION UNDER PROTECTION,” AND “ PROSPERITY UNDER FREE TRADE ”—THEY DO NOT PROPERLY CONSIDER “ PROSPERITY UNDER PROTECTION,” AND “ DECLINE UNDER FREE TRADE.”

§ 30. *So far as our internal trade is concerned, free trade has only exchanged one monopoly for another.*

—By making food cheaper at the expense of the productive powers of the country, the free-traders disturbed that relationship between production and consumption which had existed under the old system of protection. The protective system determined that the sources of production should be nourished. But the free-traders said, “No; let production take care of itself; all our endeavours shall be concentrated on the single object of making commodities as cheap as possible to the consumer.”¹

There can be no doubt the free-traders anticipated that by cheapening bread the manufacturing interest would be aggrandised, and with it the major part of the labouring interest of the community. This was the free-trade intention. But whether it was to be effective or not, depended upon the precarious attitude of foreign manufacturing markets to our own. Our present object is to prove that events have not fallen out in accordance with free-trade expectations. We no longer possess a manufacturing supremacy abroad, and even our own markets are invaded by the foreigner. The possibility of this latter event, however disastrous from the protectionist’s point of view, was smiled at, and even encouraged by the free-trader, who staked the prosperity of the whole nation on the single chance

¹ This is the logical conclusion of the doctrine promulgated by Cobden that foreign markets regulate the prices of the home markets. Give the foreigner, said he, the opportunity of supplying our markets, and then you introduce a tendency to prevent prices from reaching an exorbitant height. In other words, you “protect” the consumer. But suppose the volume of foreign produce should increase to formidable proportions, then what is to save the productive sources of our country? Now it was the Corn Law, in the instance of agriculture, that was framed with this object in view.

of manufacture increasing and maintaining her hold upon the markets of the world.¹ Under these conditions, observe the effect of cheap bread upon all classes of the community. All those who were possessed of capital would be distinct gainers by the reduction in the price of bread. But it must be remarked that, though bread constantly declined, other articles of agricultural produce would *tend* constantly to rise in price. Even under protection, this concomitant variation took place, according to the common saying of the times, "Down corn, down horn;" "Up corn, up horn." And thus, what was but a temporary fluctuation under protection, would certainly become a permanent one under free trade. Bread would go down in price, but eggs, meat, cheese, and milk would tend to increase. The relation would now be, "Down corn, up horn;" for the farmer would be compelled, in self-interest, to induce this alteration, in order to be able to keep his income near the level it stood at when corn was dear. But even what rise took place in these commodities would not compensate the farmer for his losses over wheat; for foreign competition in these as well would constantly tend to keep prices low. On the whole, therefore, the consumer would gain, if all protective duties were abolished.

¹ This was the contention of the protectionists: that the free-traders sacrificed agriculture in order to further the interests of manufacture. In 1837, we know, for Cobden tells us so, that the manufacturers were *then* of the opinion that free trade would destroy agriculture. Cf. also Sir Robert Peel, Feb. 19, 1839: "And to how it is the interest of all classes, and the interest of the manufacturing classes especially, not to persevere in the fallacious notion of interfering with agricultural prosperity to their own benefit."

Free trade was intended to destroy monopoly by annihilating, as it was the free-trade intention, the greatest of all monopolies—the monopoly of the landed interest. It was thought the tendencies towards inferior sorts of monopolies would decline with it. But the event has fallen out contrary to free-trade anticipation. There remained the ability to pay a certain proportion of one's income for the necessities of life. As other articles got cheaper, it was foreseen that butcher's-meat might, by a gradual increase in price, admit of considerable improvement. Let but the increase in price be effected imperceptibly, and people will be as little alarmed by it as they are by the slow displacement of the labour of the nation. But such could not take place unless all competition between the master-butchers ceased. It was made to do so by common consent. Thus their trade became a monopoly, and, consequently, the price of butcher's-meat has reached a monopoly price.

Free trade destroyed the farmer's interests, and directly the labouring interest, both of town and country, by making corn cheap. It destroyed one monopoly in corn, which was beneficial to the public, but it raised up another monopoly in butcher's-meat, adverse to the interests of the community at large. Nor do the profits of this monopoly go into the pockets of the farmer and landlord. It remained for an organisation to take advantage of the opportunity afforded by a general disturbance in the course of our domestic affairs, and batten upon the labour of the working classes. Now this is exactly what Cobden

said the landlords did with reference to the labouring community of his day.¹

But could he revisit the scenes of his active labours, how would he regard the changes effected by free trade in corn, so far as our agricultural prospects are concerned? Would he call the present price of butcher's meat a "natural" price? How would he contemplate the final result of his free-trade measure, when he discerned that instead of nourishing that monopoly in corn which he condemned, but which nevertheless succeeded in yielding employment to a million and a half of agricultural labourers,² he was directly concerned in the creation of another and much narrower one, the profits of which could not by any possibility of means be spread over so large an extent of labour? Would he confess that the one monopoly which he destroyed employed a vast quantity of labour, while the one he created conferred comparatively small benefits upon the labouring classes? And would he be able to trace in the numbers that emigrate, and the million of paupers in our midst, the lines which labour has taken in passing from less to more remunerative occupations?

All those who have the command of capital, therefore, are gainers by the cheapness of commodities. They suffer a relative loss owing to the "monopoly price" of butcher's-meat, and the increased prices of eggs, milk, butter, and cheese. But were this loss not counter-

¹ And subsequent experience has shown what a serious misapprehension he laboured under.

² John Bright, January 26, 1864. Speeches, edited by Thorold Rogers, p. 447.

balanced by the fall in the price of bread, it would be more than counterbalanced by the total effect of free trade in reducing the prices of tea, sugar, and other commodities.

Free trade, therefore, is all in favour of consumers. But of that large pool which is left to the consumers, a monopoly stretches forth its hand and takes away profits to the annual amount of sixty millions. What before went into the pockets of farmers and landlords, now goes into the pockets of a small circle. Instead of being distributed over a very wide area, it spreads over a contracted one. In place of the maximum amount of labour employed formerly, the minimum amount is occupied now. Can such a result be styled an economical success?

But all this would not have happened if events had fallen out in accordance with free-trade anticipation. If manufacture had continued to flourish, instead of maintaining a feverish activity¹ for a little while, then everything would have been in favour of the labouring interest of the nation. The labourer would have had constant employment, and the cost of his maintenance would have been the cheapest possible. But manufacture has not maintained her supremacy; and is it just that the labourers should suffer, in part or as a whole, for the singular reason that free-trade expectations have not been realised? It is one thing to intend well; and if our free-trade manufacture had succeeded in swamping the foreign markets with her goods, truly there would

¹ *I.e.*, that portion of the increase of our trade (over and above the effects of natural causes of increase) induced by the moral influence of free trade, with the view of blighting the manufactures of our rivals.

have been no ground of complaint. But it is a very different thing to give that intention effect. The free-traders, and Cobden amongst them, have endeavoured their utmost to persuade other nations into the belief that free trade would confer increased prosperity upon them. Cobden even travelled to the United States and all over the Continent, with the view of convincing other people of the rectitude of his motives. But it mattered little whether his motives were pure or not. The question was, in the instance of each nation, "Will the new measure be to our self-interest, considered, first, from the absolute ; and, secondly, from the international point of view ? Shall we increase our trade by it, as extensively as other nations ? If we do not, then we shall become less powerful." But the scheme which Cobden designed was so gigantic, that its very size made it all the more transparent. It did not require any considerable astuteness to determine on which side the scale would descend. Cobden argued that the scales would both rise. The foreigner seemed to reply : " Yes ; but disproportionately. I can perceive the ascent of the whole commercial balance. But after that ascent, I should be relatively in a worse political position than before. I prefer to advance more equally."

If, therefore, manufacture had maintained for all time that degree of prosperity which Cobden foresaw (but from false causes) it would temporarily experience, free trade would have been all in the interest of the labouring classes. Where you suppose there is going to be constant employment, it is but natural to make the articles of consumption as cheap as you can. But it was not certain that the labourers' employment in this country

would be constant. Cobden strove to make it so. But even that enthusiast could not shake the faith of neighbouring nations in the protective system. To induce so great a disturbance in all our commercial affairs as free trade did,¹ without knowing how such changes would subsequently be affected by the course pursued by our rivals, was nothing less than to take "a leap in the dark." Even the main issues of free trade were not placed before the country, chiefly owing to the over-confidence which Cobden displayed in reading the future. "If all other nations became free-traders, we should have nothing to fear." But suppose our policy to become isolated, then what would happen? This was the other issue which, from the small probability of its occurrence, was disregarded. But the public and the labouring classes ought to have been acquainted with all possible results. If our arbitrary measure was not followed by other people, then we should be placed at this disadvantage. The productive sources of the community would stand in danger of being destroyed. This was, at least, one of the issues which a prescient statesman would have placed before the country.

What is the fact now? Our productive sources have already been destroyed; the process of destruction is indeed gradual, but it accumulates. And because of its slow progress the public, who are fascinated by the assumed extravagant action of free trade during a small period of sixteen years, fail to give this insidious tendency its proper place in the causation of distress. They do not analyse how that free-trade prosperity was brought about. They yield to the charms of the free-

¹ Internal as well as external.

traders, who still allure them by means of cheap bread, cheap tea, and cheap sugar ; but they ignore, in some unaccountable fashion, the circumstances of their meat, butter, milk, and cheese being higher in price as bread descends, and of their rent being raised in accordance with strictly economical principles.

The effect, then, of cheap bread upon the productive part of the country is obvious. When the wages-fund of labour has been reduced, and is being reduced by the displacement of British by foreign labour, only one part of the nation suffers—the labouring classes. But you will say that not all, but part only of the labouring classes are affected by this importation of foreign goods ; that the larger part of the working classes are still maintained at high wages. Perhaps in those fields of labour which are skilled. But in unskilled labour, the whole body suffers from the competition of one part of it. Wages are lowered, and thus free trade operates injuriously against the labourer.

*§ 31. Free trade, as practised by this country, tends to approximate the “market” to the “natural” rate of wages, by increasing the competition of the labourers amongst themselves.—*But it is admitted that part of the national labour has been sent out of employment through free trade. It matters not how much. For, if even the smallest part has thus been displaced, some tendency is in existence to displace it. Agree upon the cause. What prevents this cause from growing and assuming more formidable dimensions ? But such a cause has been and still is in operation to destroy our agriculture. It has already reduced the cultivation of the soil from

four and a half millions of acres to one and a half. It has been the means of reducing the capital of the country by diminishing the value of agricultural stock. It has taken out of the pockets of the landlords, farmers, and agricultural labourers no less a sum than £200,000,000 sterling¹ during the ten years ending 1886; all which would have circulated in our own country, and have been the means of employing a vast amount of labour. But because "debts are merely deferred exchanges of labour,"² according to the school of ideal political economists, our imports must increase forsooth; such increase redounding to our prosperity, because we can afford to employ so much foreign labour in the attainment of luxuries. But to luxuries some necessities are to be added; how much of these could we produce ourselves? In the meantime, while ideal political economists are disputing over the manner in which the nation is able to meet the large surplus of imports over exports, we observe the influence of the doctrine just quoted on the labour of the present times—"to satisfy the creed of these economists the labourer must starve." Why is such a theoretical proposition

¹ This figure was given by Lord Derby in a recent speech of his, and it will be remembered that the noble lord's father was mainly instrumental in framing the protest of the Peers against the free-trade-in-corn policy advocated by Sir Robert Peel in 1846. It was his firm attitude that impelled Cobden to issue the following threat: "It cost me some argument, as my friends know, to prevent the League from going into other topics. . . . Let it be seen that a protectionist statesman like Lord Stanley is prepared to get into the saddle, and to spur over the country with his haughty paces, and they will hear this question argued in a very different manner to what it was before. They will have the whole aristocratic system torn to pieces."

² The late Professor Bonamy Price.

to stand in the way of the material prosperity of the labouring classes ? Is it of any use to them to be told that we are paying our debts now with the produce of a past generation's labour ? They will reply, " We have no capital ; we depend upon our daily work for our daily bread ; the labour of a past generation cannot affect us. If you do not employ us, we cannot acquire the means of subsistence."

Thus, if the labouring class had fixed capital, like the majority of the income-tax paying class, no complaint would be made against the unfair action of free trade upon the productive class and consumers of the nation. " You, the consumers, get your commodities cheap by foreign competition. As the immediate consequence, many of your fellow-countrymen are thrown out of occupation." What have the productive classes in return ? All the prices of their commodities, except the monopoly price of butcher's-meat, are cheap. The free-trader says, " I have given you cheap bread." But the labourer retorts, " And the same means which has made our bread cheap has sent us out of employment." Of what use is this cheap bread to the labourer when he has no employment ?

§ 32. The partial arguments of the free-traders.—Now it appears that the free-trade experiment was conducted on lines the most dangerous, and by means the most imprudent.

Every alteration in our commercial policy ought to affect not one only, but both of the factors which determine the prosperity of the labouring class. But free trade influenced consumption alone. It left production

to take its own course,¹ and that course external forces would alone determine. These forces were misjudged by Cobden. The manufacturers of his day miscalculated the result of their manœuvre.

This species of free trade was entirely opposed to the free-trade measures of Huskisson. He was not, it will readily be allowed, an inconsiderable figure in our commercial history. But never did he, with the single exception of the silk duties—and the reason why he reduced the duties on silk goods was, as he distinctly tells us, to abolish smuggling— influence consumption at the expense of the productive powers of the country.

Now the abstract free-traders are not on good terms with Huskisson, because he advocated an imperial policy with regard to our colonies, and because he nourished colonial interests by keeping the duties on their produce at a lower level than they stood from foreign countries. Such a policy would not, according to the free-trader, effect “international peace”; but it would, according to the protectionist, produce “imperial stability.” But none struggled more than Huskisson to achieve a uniform price of corn, always with a due regard to every interest engaged in its cultivation. And the result of his labours, continued by Sir Robert Peel, is shown in the average of 54s. from 1830-1838.² Let us compare this with the average price of corn under free trade between 1850-1858. It is 53s. 4d.

¹ When it is perceived that the central object of the free-traders of 1837 was to make manufacture predominant in foreign markets, the reason of this procedure is obvious.

² Sir Robert Peel, in his *Memoirs*, vol. ii. p. 345, gives the average of 1831-1837 inclusive as 52s. 6d., “the existing Corn Law being in force during the whole of that period.”

per quarter.¹ In what way, then, did manufacture gain during this period by a free intercourse in corn?

"Increase consumption by all means," but you must not thereby injure the productive sources of the nation. This was the commercial maxim of William Huskisson. He knew the importance of cheap bread with reference to the labouring classes. He did all he could to meet the wishes of the manufacturers on this point. But he would not encroach upon the "demand for labour" to effect a temporary increase of consumption. He analysed the problem into its elements. He correlated this cheapness with all these other consequences which cheapness would bring about. And he foresaw that "demand for labour" would be injured in consequence. "Cheapness, without demand for labour," he concluded, "is a sign of distress."²

But Cobden believed that this demand would be improved by his free-trade measure. He risked the chance. He could not be assured that "demand" would certainly increase. He could only give his opinion that it would increase, if other nations became free-traders. It was a speculation, this free-trade policy of his, and depended for its success upon the assumed action of surrounding peoples.³

¹ This is a little higher than it would have been had the war in the Crimea not intervened to raise prices in 1854, 1855, and 1856. But, on the other hand, there were the deficient harvests of 1837 and 1838. When both these figures are compared with 50s., which Cobden anticipated would be the permanent price of corn, it is seen that both under protection and free trade forces existed to reduce prices. But they were of a very different nature. The gradual descent in the price of corn under protection is nearly always forgotten.

² Huskisson's Speeches, vol. i. p. 307.

³ But there is some obscurity concerning Cobden's inmost thoughts

Huskisson made no such speculation. He pursued a slow, but it was a steady and sure progress. He regarded the commercial aspect of the problem of free trade alone: he made our trade more free, while it still progressed under protection. He was not concerned in its political bearings.

Perhaps, in this latter respect, we can discern the reason why Cobden speculated on the universal free-trade problem. For we know that the great agitator was not content with commercial renovation; he must have political renovation as well, or innovations, as the matter is variously regarded by the free-trader and protectionist respectively.

We can see, now, what protection really did. It effected relations, all of which maintained the productive powers of the nation. But all those relations have been destroyed by free trade. When agricultural distress prevailed, the labourers were taught to regard the tenant-farmers and landlords as the immediate source of their calamity. But we can estimate how erroneous it is to rely for trustworthy information from the inflammatory speeches of the free-trade agitators.¹ Nowadays we are advanced enough in reasoning power to test any system, not by a phenomenon which occurred

upon "isolated" and upon "universal" free trade. On more than one occasion he predicted the advent of universal free trade. And in one passage, after refuting the arguments of those who rested upon the fact that other nations showed no strong inclination for the new policy, he says, "If free trade is a good thing for us, we will have it."

¹ "Organised efforts, which have been made by men of great wealth and local influence to exasperate and inflame the minds of the people." —Memoirs, by Sir Robert Peel, vol. ii. p. 341.

under it but was not produced by it, but by taking a comprehensive survey of its progress as a whole.

The free-traders took a period of depression under protection, and argued from it that protection was the source of all the national troubles. The more sober-minded of to-day will regard this period of distress as but the occasion which certain reformers grasped at to further their "ulterior views." They will conclude not from a part, but from the whole of our commercial career under protection.

But the strange error into which the free-traders designedly plunged the people is continued even to the present day. The free-traders take the period of prosperity which occurred during the primary action of the free-trade principle, and argue from it alone. The argument is again from the past. And thus the error, disastrous in its nature, has, from the long period of power enjoyed by the Radical and free-trade party, become deeply rooted in the public mind.

Now, in the instance of protection we have all the facts of the case before us. On the other hand, as regards free trade we have only part of the facts. We have a period of prosperity,¹ followed by a period of adversity.² What, then, is left for us to do? To arrive at conclusions, we are bound to consider the existence of tendencies. And it is from the existence and play of those tendencies, that we can alone predict the

¹ The gold discoveries and the extension of railways being the most important factors in its causation.

² Our markets are free, while external markets are closed by duties.

final results of our isolated and arbitrary free-trade policy.¹

¹ In another volume* there is shown that in the decline of our trade, induced by free trade partially operating, there have been, and will be, rises and falls. There is also pointed out the danger associated with a temporary rise. For it will be said by the free-traders that prosperity has returned. But although trade recovers, yet it cannot reach its former high level of prosperity. And every rise and every fall will be accompanied with a progressive shrinking of our industries. It is important to notice this, when viewing, comprehensively, the course of our trade and commerce.

* Free Trade : An Inquiry into the Nature of its Operation. W. Blackwood & Sons, Edinburgh and London : 1887.

CHAPTER XIV.

PARTIAL AND UNIVERSAL FREE TRADE.

“ Self-love but serves the virtuous mind to wake,
 As the small pebble stirs the peaceful lake ;
 The centre moved, the circle straight succeeds,
 Another still and still another spreads ;
 Friend, neighbour, parent first it will embrace ;
 His country next ; and next all human race.”

—POPE.

AGRICULTURAL LABOURERS' INCREASED WAGES NOT AN ARGUMENT IN FAVOUR OF FREE-TRADERS—INCREASED DEMAND FOR LABOUR IN TOWNS NOT CONSTANT—THE SOURCES OF IT, MAINLY RESIDENT IN EXTERNAL DEMAND, PRECARIOUS — CRITICISM OF RICARDO'S DOCTRINE — FREE TRADE AND COMMERCIAL IRRIGATION — WARS DESIGNED WITH REFERENCE TO SAFETY FROM EXTERNAL ATTACK, AND TO INTEGRITY OF POLITICAL INSTITUTIONS—THE EXCITING CAUSE OFTEN MISTAKEN FOR PREDISPOSING CAUSE—COMMERCIAL EQUALITY AND RECIPROCITY—IS COST OF LIVING CHEAPER TO LABOURER ?—EXAMINATION OF TENDENCIES—THE PROTECTIONIST PREDICTION FULFILLED—LOW WAGES WITH “ LOW PRICE OF BREAD ” — MATERIAL PROSPERITY THE BASIS OF POLITICAL IMPROVEMENT—MATERIAL PROSPERITY NOT ENSURED BY FREE TRADE—SIGNS OF RECOVERY.

§ 33. *Some events have fallen out according to Cobden's predictions; but not at the specified time, nor in the anticipated manner.*—We would draw the reader's attention once more to the action of a partial free-trade

policy—(1) upon our imports and exports; (2) on production and consumption; and (3) upon the relationship which formerly existed between labourer and master, and this the more especially in agricultural districts. It was in this latter affinity that the stronghold of the old Toryism was found to exist. And it was consequently Cobden and the free-traders' chief seat of attack.

Cobden discovered here a resistance difficult to overcome. It was the turning-point of the measure purposely framed to make free trade the principle of the conduct of our commerce. From a strict application to economical doctrines he was compelled to deviate into political problems. In the towns the vision of a constant employment of labour was made to occupy the intelligence of their inhabitants. But in the country the agricultural labourers were informed that they could never hope to loosen the bonds of their degradation unless the political power lodged in, and as it was said usurped by, the landed proprietors, was broken. Cobden felt for this degraded position of a part of the most important national industry. He pitied their ignorance. But he seems at the same time to have made a very practical use of it. To account for their relative degradation he brought forward a false cause. The explanation was this. Their comforts were diminished because their bread was taxed; and their bread was taxed owing to the selfishness of the ruling class. Not self-interest,¹ be it observed; it was tyranny, abuse of

¹ It is curious to compare this relative diminution of comforts adduced by Cobden with the absolute reduction of wages proposed at the present time. Cobden's assertion is that the agricultural labourers

power, or anything else which tended to inflame the ignorant and malevolent. Hence it was that he appealed to the 40s. franchise as the means of effecting their own emancipation. Such power as he could by this means raise would therefore, in some fashion, neutralise the power of the aristocracy in the Commons, and pave the way more smoothly for the introduction of free trade.

The appeal to the ignorant agricultural labourers was not without avail. They were taught that under no conditions would they suffer from the action of the new measure. On the contrary, Cobden convincingly proved to them that they would gain—that all classes would gain—for free trade, if operating, would stimulate not only the manufacture but the agriculture of the country. As the result, the agricultural labourers' wages would rise.

Now the comparatively small rise¹ in these wages which subsequently² took place and has been maintained, though it is doubtful whether at their highest

were deprived of comforts which they had never enjoyed. The course advocated to-day is to take away from the labouring man part of the enjoyments to which he has been accustomed.

¹ In 1850, we have it on Cobden's own word that the wages of agricultural labourers had receded 1s. But as the price of bread had gone down 2s. 6d., they gained 1s. 6d. on the exchange. But for how long? For six months perhaps—certainly not more than one year; for during 1850-1860 the average price of wheat was but 2s., or 3s. at the most, less than during 1830-1840. The agricultural labourer thus, over a period of years, received the very handsome present of something less than half-a-crown annually, as the result of free-trade cheapening of bread; while, as the effect of free imports upon agriculture, he lost 50s. a-year in wages. But the free-trader claims this as a success!

² As matter of fact, the wages of the agricultural labourer only began to increase absolutely, when in 1860 and afterwards there occurred a general exodus of labour from the country into the towns.

level or not, is advanced by some as direct proof of the soundness of Cobden's views upon the question. But this, like so much of free-trade opinion upon Cobden's work, is based upon a partial and limited view. Cobden said the wages of agricultural labour would rise. And so they have done,¹ relatively for a time at first—absolutely afterwards. But Cobden explained such rise as being the consequence of agricultural stimulation.

Now the free-traders take Cobden's predicted result ; but they, conveniently enough for themselves, ignore "the declared means" by which it was to be effected. Wages have, indeed, risen in agricultural districts, not from there being an increased demand to meet a more extended cultivation, as Cobden pointed out would be the case ; but from a scarcity of labour. To bring about Cobden's result, just the opposite process happened to what he anticipated. What was that anticipation ? More hands employed in the farming interest, and to meet this demand, increase of wages ; and therefore abstraction of labour from manufacturing districts : result, agricultural activity and prosperity.

Compare this vision with present facts. We are face to face with agricultural depression instead of an increased occupation of labour upon land ; there is a reduction of more than two-thirds of the total number

¹ But not from the cause set forth by Cobden, and not at the time he indicated. Wages rose in the agricultural districts, because the high wages in the towns attracted many of the labourers thither. But there was no demand for them, as shown by increasing emigration and increasing pauperism (*vide* Returns of Pauperism, 1865). Fewer hands were available for the farmer ; and thus with an increase of work wages rose. Now, instead of this artificial desertion, Cobden stated there was to be a real determination of labour to the soil ; wages would rise, because the demand for labour would be greater than the supply.

of labourers employed in 1850. On each farm, if under cultivation, there is less labour employed, though at a higher wage than under protection : result, agricultural labour contracted to one-third, wages slightly increased.¹ But against this increase there has to be placed the rise in the price of all agricultural produce, with the single exception of bread, and the rise in rent. Assume, however, the condition of the remnant of our agricultural labour to be nowadays prosperous, because they have a higher wage ; is it a secure prosperity ? There is not a single individual in the whole length and breadth of this island who can affirm it !

To effect an increased prosperity (but it is questionable whether there has been "so great" an increase in material wellbeing as to justify the boasts of the free-traders)—to ensure the temporary increased wellbeing of a third of our agricultural labourers, the major part have been driven out of employment. Let the protectionist admit that a part has advanced ; the free-trader also cannot deny that it has been at the expense of the whole. Such an advance may correspond with "progress" as it is defined by ideal economists and politicians, who leave stability out of all their calculation. Does it fit in with the notions of improvement which the comprehensive and impartial mind entertains ?

But the interminable argument is ever presented. The labourers of the country found it to their interest

¹ The reader will reflect upon the great injury done to the agricultural labourers collectively in the attainment of a small rise of wages. Nor will he forget that this rise has been neutralised by increased prices and increased rent. The question offers, Has more harm than good resulted from the supposed beneficial reform ?

to flock to the towns, because the wages of manufacture offered greater inducements to them.

The ideal economist tells us that labour was thus diverted from less to more remunerative employments.¹ But Cobden did not desire that the "country" should be stripped of its inhabitants. It may be affirmed, without any fear of contradiction, that such an event was not his ultimate purpose, whatever other motive he may have had (but not expressed) as to the beneficent influence on the growth of our manufacturing towns, if such a result did actually happen. His notion was that there would be induced in this way a greater competition for labour between the farmers and the manufacturers; and that, therefore, wages would rise all the more from such competition.

If such be the case, this competition did not turn out so equal as it was conceived to be. It was all in favour of the manufacturers; for they still retained a certain sort of monopoly, during the first period of free trade, in which agriculture was subjected to competition from without. This competition was assuming such an adverse direction that had it not been for the campaign in the Crimea the agricultural industry would have long since been crushed. But, as one of the results of that war, the farmers became the gainers of the magnificent sum of £300,000,000 sterling;² and it was

¹ The opportunity existed, and the agricultural labourers strove to take advantage of it. But, as the result of all large disturbances, they overrated the demand for labour in the towns. They left the substance and pursued the shadow. Thus, instead of pauperism being swept out of the towns by free trade, according to Cobden, it tended, on the contrary, to be increased by it.

² Fallacies, Political, Commercial, and Agricultural, by W. W.

by this adventitious support that they were enabled to protract their final extinction as corn-growers.

“But not only did the rise in the wages of the farm-labourer happen, as Cobden predicted, but increased demand for labour in the towns occurred, as the same authority declared would be the case.” We have analysed the causes of that increased demand, and we have attempted to ascribe its proper share to free trade. Yet there is a dominant inclination amongst those who allow themselves still to be ruled by a once powerful authority to regard the free-trade principle as the chief factor in the causation of a past and unparalleled prosperity. To show that such is not the fact requires but a glance at all the elements then in operation; for the free-traders steadily fix their gaze upon one. To arrive, however, at a true conclusion, you must comprehend all the data contained in it. Of those forces, then, acting with unequal intensity, you will find that one was of a constant, while free trade was of a fluctuating action. The railway system must always have been of advantage to our trade and commerce. This could have been said with certainty; but not so certainly was the influence of free trade itself to be inferred. The railway, by reducing the cost of transit, enabled the manufacturer to supply a greater foreign as well as internal demand.

Good (page 347): Edward Stanford, Charing Cross, 1866. Mr Good shows that there had been withdrawn or withheld from agriculture by the operation of free trade in corn (1850-1865) the sum of £425,000,000. During the same period there had been a reduction of taxation (from which agriculture had received no appreciable relief) to the extent of £270,000,000; and yet the farmers had to pay an income-tax on a fixed sum—“not one farthing of which,” he says, “in many years had ever been made.”

Nothing outside us could interfere with the operation of this factor, and encroach upon our area of demand. But external forces might interfere with the action of free trade. And such contingencies were easily within the range of the constructive imagination ; but they were not heeded.

Now it cannot be denied nowadays that the principle of free trade has fluctuated in its action, and that other nations only suffered the entry of our goods so long as it was to their self-interest to do so. For a brief space of time the railway and free trade¹ combined in very different proportions to effect prosperity. But with one force acting in an uncertain fashion, this prosperity could in no sense be regarded as ensured. Nor did the varying action of the free-trade principle affect merely its own course ; its adverse consequences spread to the other force (in operation to benefit manufacture), with this result, that it lessened its efficacy. For, by our partial free-trade system, the fields of our internal and foreign demand have become contracted. Hence our supplies are reduced, and their cost of transit relatively increased.²

All this has fallen out because, in the first instance, a false view was conceived of the virtues of free trade.

¹ Our system of free imports tended to increase our exports ; but at first only so far as corn was concerned. It is certain that our large exports during 1850-73 were not paid for by corn alone. Hence another cause must have been at work, and that was reduced prices of goods, and the resulting underselling of foreign rivals. It was the railway which mostly brought this about.

² It is important to notice this, as the explanation of the present excessive railway rates. Why were not the rates excessive in 1873 ? Because our trade was not trammelled, and profits continued high.

Sufficient attention was not paid to security and stability. Too much was allowed to rest upon anticipations which have not been realised.

§ 34. *Ricardo's theory of international trade criticised.* — Increased demand for labour in the towns was regarded, so far as the future was concerned, as a constant factor. But the fallacy underlying the whole of the free-trade predictions is discovered in Ricardo's 'Theory of International Trade.' This theory was used, and skilfully used, by Cobden. It is this. Of two nations, both the producers of hats and boots, but the one able to produce hats more cheaply, and the other boots at a less cost than her neighbour, it is to the advantage of both parties or nations to agree that the one shall supply the other exclusively with hats or boots, according as she can produce these commodities at the least price to the consumer.

We shall presently inquire upon what grounds this trade doctrine is elevated to the dignity of being styled "international."¹ At the first view it will be evident that it is framed simply with regard to the benefit of the consumer. He gets his commodities cheaper in this way. But the producer gains as well, inasmuch as reduction in price is, within certain limits, followed by increased demand. So the doctrine decides. He makes more hats or boots, as the case may be ; and as increased production is attended with a diminishing cost, his profits are raised.

Now, let us see how this arrangement affects the

¹ It is so called by Professor Cairnes in his 'Logical Method of Political Economy.'

nations individually concerned in the bargain. The free-trader says, "Both are gainers." But the protectionist retorts, "And so both are losers too."

It is easy to perceive that the grounds of contention are fixed (1) on the number of the inhabitants of each country, and (2) on the quantity of commodities required by either nation, as measured by the ability to pay for them.

If these numbers are unequal in the two countries, and their respective abilities to pay about the same, the smaller nation will gain at the expense of the larger one. For in the latter a whole industry is destroyed, and what is the compensation? Her labour and capital are diverted to the more remunerative occupation. But is all this labour consumed? No. Then, so far as this mutual bargain is concerned, the loss is borne by the nation which has the larger population.¹ Her gain refers to consumers alone. As all consume, the benefit may be said to be universal. But observe how the benefit is obtained. By throwing out of employment a certain proportion of her productive classes. The smaller nation, on the contrary, gains both as a consumer and a producer. The result of this transaction is that the wealth of the larger nation diminishes. It has been in such a way, but carried under the principle of protection, that England in former times grew so rich.

But the statesmen who control the internal affairs of the larger nation would see, with dismay, this displace-

¹ The free-trader attempts to meet this argument by declaring that the nation which loses to another, gains from a third. But he forgets that such happens only under universal free trade, which does not exist. Hence the facts stand as in the text.

ment of their country's wealth. From the consumer's point of view, they would regard this freedom of trade with satisfaction ; but from the producer's standpoint, they would see nothing but calamity—the more especially as constantly increasing populations would magnify the disproportion already existing. On general lines, then, the question is reduced to one of choice between producers and consumers. And those nations who are protective have decided that production shall have priority over consumption. In this they have followed what is the natural sequence of events. For amongst the labouring classes production precedes consumption. They earn their daily bread by the sweat of their brow. Any measure, therefore, which injures production, though it favours the consuming class as a whole, they steadily oppose. What would be the reaction of the feeling of the larger nation, when they experienced the phenomenon of their wealth, by this process of free trade, gradually being absorbed by another people?¹ We can readily surmise it ; and though we have no account of what did happen after this species of free trade or international trade, we may get some information concerning it from what neighbouring nations have done to prevent the sources of their productive powers from being sapped. For such trade bargainings amongst the manufacturers of two peoples cannot be called an international trade bargain. These latter ought, if irritation and the results of inequality are to be dispensed with, to be framed on the basis of mutual, and, as far as possible, equal advantages. And

¹ Yet it was a fundamental argument with Cobden, that free trade would destroy the springs of war.

in so far as the surroundings of every trade and industry are liable to fluctuate, to prevent any one nation from receiving, by a happy accident, too large a proportion of gain from another, it is essential that the "treaty of reciprocity" be limited to a certain period of time. In this manner only can it be expected that anything like commercial equality shall exist between neighbouring nations.

§ 35. "*Free trade to remove source of wars arising from commercial frictions.*" *In reality, wars are due to impulse of acquisition, and have reference, in the first place, to political objects.*—It was the contention of Cobden and the free-traders, that the system of protection, by imposing restraints, increased commercial jealousies. It prevented, they said, the sources of production from being increased. Free trade, on the other hand, by removing impediments, tended to draw nations into a closer commercial union ; and thus to destroy at least one source of war—that arising from commercial disputes.

Now it is true that free trade tends to increase production, but unequally ; for, obviously, free trade will favour that nation most whose advantages in the most important industry of manufacture are far beyond those of her rivals. England could well afford to say to the nations of the world, "Only take our manufactures, and we will, in return, take your food-stuffs." But this argument on the part of the English manufacturers was a purely selfish argument. It affected their own gains alone. It did not respect the less advantageous conditions of her neighbours. It is equally obvious that free trade, so far as *their* productions were concerned,

instead of increasing would diminish them. The free-traders asserted that protective restrictions were the causes of war. Adam Smith ascribes to commercial irritation the wars of the eighteenth century. But there is danger of falling into error on these important questions. It was not protection but prohibition which led to commercial irritation and retaliation.¹ And only too often commercial as well as political disputes were made use of by statesmen to advance the power and prestige of their country. Thus they formed, in the generality of cases, not a primary but a secondary factor in the causation of war. To give an instance of this. It is frequently remarked that the Stamp Act was the cause of the war with our American colonies. That it was the "exciting" cause, no one who is acquainted with the history of events embracing a period of a century antecedent to it will deny. In the progress of those events there will be traced a disposition on the part of some of the colonies to break those ties which united them with the mother country. This disposition grew. And it required but some general source of dissatisfaction to give it expression, and the Stamp Act succeeded in providing this source.

But behind these commercial disputes is to be discerned the march of political ideas and actions. And as the basis of these ideas and actions, you will find some position of a rival likely to become overwhelmingly strong, and therefore to be removed as the source of latent danger; or some weak point of our own which it is incumbent upon us to strengthen, with reference to the future security of the kingdom.

¹ As remarked by Huskisson.

We believe that Cobden was wrong in ascribing fundamental importance to commercial disputes. Wars are, or used to be, designed with reference to acquisition. So long as objects of acquisition exist, then war will tend to break out, on a favourable opportunity. But our free-trade policy was supposed to diminish this tendency. It is necessary, therefore, to meet this statement with the actual fact. The war in the Crimea, as already mentioned, intervened between our farming interest and its destruction as a corn producer. From a financial point of view, it was not to the interest of Russia to enter into a conflict with us; for, by thus cutting off her corn communication, that nation lost many millions of pounds. But a more extended commercial union between nations was, in Cobden's narrow view of this matter, to destroy the basis of wars. As the result of that war, let us suppose that Russia became more aggrandised at the expense of the conquered than she would be by the peaceful arts of commerce, as Cobden called them. And here it must be confessed that the vision of the Russian statesman extended a little beyond that of the English one. For there are in Europe and Asia objects of acquisition coveted by Russia. And pretexts will be framed with a view of obtaining them.

The Russian advance towards the Indian frontier was considered as being of but slight moment to the interests of the British empire. Imbued very probably with this erroneous notion that Russia would not seek a quarrel with us, because such would immediately result in her commercial disadvantage, the Liberal party, hav-

ing already scouted the idea of a scientific frontier,¹ left the natural frontier unprotected. Then there happened what has been sarcastically described as the "unfortunate incident" at Penjdeh, in which a few Afghans were slaughtered. It is quite possible that this affair was conducted merely for the sake of redressing some political grievance which Russia had against the Ameer of Afghanistan, England's subsidised ally. But it might also have other bearings.² It is evident, from the activity shown by the Ministry then in office, these "other bearings" were entertained; and further, that the worst was apprehended. This reference to a recent historical event suffices to show the falsity of what Cobden, and those who thought with him, maintained. The commercial reformer was so much wrapt up in present effects, and those immediately consequent, that the remote ones were altogether ignored. He not only took a partial view, but even that view was limited. But from that "incident" we may learn this lesson, that Russia would not throw away all the gains which she derives from her exportation of corn, unless there was a larger prize almost within her grasp. Thus it is not present commercial advantages, but the requirements of her future policy, that determine her present actions. So far, then, as to the removal of restrictions to trade on our side, they have not been followed by

¹ The united Liberal party was then under the leadership of Mr Gladstone. It has since ceased to exist as such.

² The vote of credit for the transport of troops proves that the Liberal Ministers did not know what that event portended. The haste with which they acted clearly shows that they were taken at a disadvantage.

those beneficial effects which Cobden predicted of them.

There is another point to consider regarding the theory of international trade. It does not tend to diminish friction, as we have just seen. But what does it do? It cheapens articles to the consumers of both nations; it favours the production of the smaller nation, while it injures the production of the larger. It causes inequality, therefore. The free-trader will, of course, go beyond this, and, by means of a universal proposition—which, to be relevant to the issue of a particular case, must be qualified and limited—seek an outlet in “capital and labour being diverted from less to more remunerative channels.” He will say that the larger nation of the two under consideration will drive a profitable business with another nation, this third nation with some fourth one, and so on. Thus a chain is formed, but it remains linear. Cobden thought it would become a circle. Now it could not possibly become a circle, so that each nation might have an equal share of increased activity, unless all nations were surrounded, more or less, by the same conditions. But such is not the case now; nor has it ever been so in the history of the world.

Was it Cobden’s intention to reduce all nations to the same level by a universal free trade? He does not expressly state it. What he asserts is that each nation would derive an increased trade activity. But he does not proceed to tell us how such increased activity would be distributed. There can be no doubt that all the nations of the world, during Cobden’s agitation, were not similarly placed as to commercial advan-

tages. The conditions surrounding each differed, and the differences in many cases were extreme. Was it logical to assume that, because a certain principle which he proved to the English people, or thought he proved, would be beneficial to their trade intercourse with foreign nations, the same principle would also be associated with the same beneficial results when applied to other and dissimilar conditions ? Was it prudent to venture on a policy, the final issue of which could not be determined with ordinary certainty ?

This theory of so-called international trade is thus seen not to be a safe international trade policy. All international trade bargains tend to aim at equal exchanges. Such an equal result can only be brought about by a treaty of reciprocity. For by that method alone can real equality be attained.¹

As the largest part of the labour of any community is consumed when industry is protected, it follows, from the circumstance of nations being on different commercial levels, and the weaker finding it to their interest to protect their trades, that the most secure and advantageous practice of the stronger is to be self-supporting. For otherwise, the weaker nation has a more extensive market, if its powerful rival is a free-trader, while the free-trade country becomes restricted, not only as to revenue, but as to kind of productions, both from the barrier which foreign duties create, as well as from the competition in its own markets of foreign goods.

¹ *I.e.*, a tendency towards equality. No system can produce an actual commercial equality. Treaties are drawn up with that end in view, but are allowed to run for a term of years only ; and for this reason, to provide for future contingencies.

International trade would then be limited to the surplus produce of each nation; and this would be exchanged, with the least friction and the least irregularity, by means of a system of reciprocity such as Huskisson put into practice. A treaty framed upon this principle, would be free from all objections that it had been concocted with the view of one party deriving an unfair advantage at the expense of its neighbour. The basis of such a treaty is self-interest and not selfishness. But in course of time, and with a change in surrounding conditions, the treaty might only confer a nominal equality; it might lose its original purpose of creating a real equality. And this is a sufficient argument why it should be limited to a term of years.

§ 36. *Comparison between reciprocity and unequal free-trade (Cobden's "ideal reciprocity").*—If, now, we contrast such a reciprocal system with our isolated free-trade policy, we shall find two stages at which to make the comparison. While free trade made us prosperous, as it is the boast of the free-traders that it was during its early career the chief source of our prosperity, the impression made upon the foreigner was adverse to the nation acting so contrary to all past experience in the history of commerce. "Go thou and do likewise," was what Cobden told other communities, to sooth their angered feelings. "Experience the same prosperity that we do by the same means." But the foreigner revolved in his mind the future as well as immediate effects of such a policy. It was not an easy task to stand by and see another people rapidly accumulating wealth at his own expense. If he became a free-trader, he foresaw that his

political power would diminish, and the progress of the people be retarded ; for all the benefit to be derived from mutual free trade would be conferred upon that nation which originally had the greatest advantages. Therefore he remained protectionist, and nursed the industries of his countries. He detected that the free-trader had abused those advantages which a long line of prosperous merchants had gradually acquired for their countrymen. He saw all those advantages frittered away ; and perhaps he perceived also that the greater part of that prosperity which attended free trade was dependent, in the main, upon another cause. At any rate, he had the power and used it to shut the markets of his country, while the markets of the free-trader remained open to him.

Thus it has come about that our weak points have been successively attacked. The competition induced by free trade has never been "unequal" in our favour. But we were enabled by other forces to counteract its adverse influence. These forces having lost their original intensity, we now experience the gradually increasing adverse operation of free trade. But free trade is not blamed by those interested in its maintenance as the cause of distress ; and it appears on this ground only—that it was associated with a prosperity which lasted for sixteen years. Our manufacturers are now aware that competition is against them, and thus it becomes, in the fitful course of events, the turn of the free-trader to feel resentment at inequality. We have already traced how this inequality has been effected. What we desire to point out, at this juncture, is its adverse influence upon the labour prospects of the

British people; to state that if the manufacturer does not prosper, it cannot be expected that his labourer shall; and to inquire, Why, if manufacture has thus been so rudely arrested in her steady growth by free trade, agriculture was sacrificed ?¹

It is too frequently asseverated, and without due consideration of the importance of the conclusion, that high prices trespass upon the material wellbeing of the labouring classes. Has this country, then, never been prosperous under high prices ? The experience of the older statesmen is to the effect that under protection prosperity increased or diminished with a rise² or fall in the price of bread. But then it is to be recollected that if some articles increased in price, as wheat, other articles in the same category diminished, such as butcher's-meat. Such variations in prices depended altogether on the ability of the farmer to pay his way with the different produce of agriculture. If he made more by his corn, he could afford to sell his cattle at a less price. So that the sum total of the labourer's expenditure upon farm produce varied but little. At the present time, what that labourer spends upon the restricted produce of the farmer is greater *in proportion*

¹ It cannot be too often iterated that the manufacturers in 1837 believed that free trade would destroy our agriculture. Cobden's arguments for a free intercourse in corn are well known. He stated that agriculture would be improved by free trade !

² The sudden rises and falls are not referred to in the text. What is indicated is that gradual rise or fall which embraced a term of years. But it was the sudden rises and falls which formed the butt of all the odium which the free-traders could manufacture for the Corn Laws. There can be little doubt now that these sudden rises and falls in price were due to fraudulent treatment of the averages. The Corn Law was not responsible, but the selfishness of the corn merchants.

to what he spent when the growth of corn was protected. By purchasing his corn from his own countrymen, this part—viz., meat, butter, eggs, &c.—of the farm produce would at once be diminished in price; but, at the same time, he would have to pay more for his bread. As such fluctuations tend in time to neutralise each other, they would eventually leave the labourer's expenditure upon agricultural produce what it was before the alteration was effected. Now, to raise the price of bread would, on these considerations, be attended with no harm to the labouring classes. For just as when bread was made cheap by free trade, all other agricultural produce rose in price, so if bread were made dear by protection, would the prices of the rest of farm produce fall.

But the very allusion to dear bread at once becomes the source of ridicule to those who take a prejudiced view of the question. They make a specious appeal to the ignorant to the effect that "they will have more to pay and less to receive." They descant upon the benefits of cheap bread. As if there are any benefits accruing from a mere cheapness of bread, unless at the same time there is a demand for labour.¹ They draw invidious comparisons between high and low prices. But they do not continue the discussion long enough to tell the people that from an "ideal" point of view low prices are well enough; but that, in practice, low prices are significant of stagnation, and that high

¹ "Nothing could be more fallacious," said Huskisson, who was well aware of the importance of obtaining cheapness without deranging the relations between production and consumption, "than the notion that cheapness in the price of provisions was always a benefit."

prices, on the contrary, are the surest signs of internal prosperity.¹

But the free-traders attempted to disprove to the country that the price of wheat did not regulate the price of wages. They said in 1846 that you might have a low price of corn and a high rate of wages.² And having thus delivered themselves, they thought the problem ended. But the price of wheat did regulate the price of wages under protection. For, as an addition to the capital of agriculture had to be made before fresh soils could be brought into cultivation, the price of wheat inevitably rose. That price fluctuated about a higher level; and with this increase in prices, wages of labour were raised, because there was a greater demand for it.

Now in 1850, according to the authority of Sir Robert Peel, bread was relatively low,³ and wages were relatively high.⁴ Here, then, we reach the state of blessedness conceived by the free-traders.

The point for analysis however, is, whether this altered relation was final—whether it was never to be

¹ The reader will observe that even at the present the tendency towards high prices is still in existence. The direction which it took under protection has been diverted under free trade. It is a question whether the “cost of living” has been materially reduced for the labourer by free trade.

² Such good fortune happened at times under protection. For example, during 1833-1836. Now the free-traders prescribed certain conditions which would be associated with low price of bread and high wages. Those conditions have not been fulfilled.

³ But it was relatively high with reference to the prices of 1833-1836. Indeed, during the periods 1830-1840 and 1850-1860, there is not an appreciably great difference in the averages.—*Vide p. 177 (note).*

⁴ The effect of an increased currency to raise wages must be considered.

disturbed again, or whether it was only temporary, occurring during a period of transition from high prices and high wages to low prices and low wages.

We can conceive that this alteration would have kept more or less permanent, if other nations had become free-traders and our manufacture become supreme. These are the conditions. And they are the conditions which Cobden anticipated. But to no purpose. Instead of his predicted results, we have other conditions now to deal with. We have all our markets supplied by, or within reach of the supply of, foreign produce, while our neighbours' markets are closed, more or less, by heavy duties. The importation of foreign corn has gradually increased, and is increasing.¹ The charges upon these imports are very great. But we ought, according to the Cobdenite way of arguing, to pay for our food with our manufacture. The question is to-day, "Do we?" The price of wheat has been reduced, and is still receding. The greater bulk of our agricultural labourers have, in consequence, been forced to quit the soil. Some of them were employed, during the early part of so-called free-trade prosperity, in the extension of manufacture. But nowadays our labour is displaced by the produce of foreign labour. Nor do we balance the loss in this direction by an increased exportation to neutral markets; for those neutral markets are being supplied, to our disadvantage, by the produce of our protective rivals.

¹ We have already remarked the deficiency of two million quarters in 1887. But this event does not preclude the possibility of our being supplied from external sources with increasing quantities. It merely implies that our ability to pay for more was less than in the preceding year.

It is essential, then, to understand the nature of the forces operating against us. It is by this means only that we can perceive where our weak points lie. We have our own markets invaded by the foreigner. We have an unequal competition in neutral markets. For the foreign manufacturer is assisted, in some branches of industry, by a bounty. The British manufacturer threw off the trammels of State aid. Why did he do so? What does he blame for the present unequal condition surrounding him?¹

But the displacement of our own labour is followed by a fall in the rate of wages. Wages have fallen; and it is the advice of a high authority that the labourer should be content with a lower wage during this period of depression.

Here, then, we have the first indication of the lowering of wages. The tendency towards this lowering is still in operation, and will increase, unless it is checked by perhaps some temporary and collateral occurrence, or by Act of Parliament. We have "reduced wages," tending to become more and more reduced. We have a low price of bread. We are, in consequence, rapidly reaching that condition, foreseen by some of the older protectionists, in which a low price of bread is associated with a low rate of wages. But the result has taken some time to be consummated. Its progress has been imperceptible. And in the transition, we have seen the association of cheap bread with high wages.

¹ The means which the foreigner takes to improve his resources are those which properly belong to the system of protection, and pursued by this country at a former time advantageously. The free-traders cannot shut their eyes to the fact that the export trade of great nations is increasing—*under protection*.

Now such a conjunction was naturally to be expected. But it could not be expected to continue. For the price of bread and the rate of wages, instead of being governed by a single tendency,¹ are each of them separately controlled by external forces,² both which tend to reduction. Thus a low price of bread is associated in the long-run with a low rate of wages. But it does not alone cause this low rate. For the same principle which cheapens bread also depreciates labour in this country.

But, say you, what is the relative difference between high prices and high wages, and low prices and low wages? Are not the labouring classes as well off now with low wages and low price of bread as they were when wages were high and bread dear? The answer is emphatically, "They are not." And the proof resides in the existence and operation of tendencies. With a higher price of bread there was an increased demand for labour. This was constantly in operation in the extension of the cultivation of the soil. It was occasionally in action when improvements lessened the cost of the production of goods. Thus the tendency existed to improve wages.

But what is the cause of the present low rate of wages? Competition amongst the labourers. Instead of there being a demand for labour, the labour market is overstocked. And this competition is effected by the entry of foreign produce.

¹ Viz., the lowest cost at which the least remunerative soils would yield a return.

² The price of wheat regulated by the price at Chicago. The wages of labour regulated by the amount of labour thrown out of employment by foreign competition.

We would here remind the reader of the incompleteness of the free-trader's treatment of the question of cheapness. He says free trade has made articles cheap;¹ and the discussion is ended so far as he is concerned. He affords an instance of a prejudiced mind, selecting just those very points which appear to strengthen his conclusion, and exercise a fascinating sway over those who are ignorant of the magnitude of the problem. The free-trader, therefore, does not completely relate this cheapness of some articles (1) to its reaction upon the price of other articles in the same category; and (2) to its influence upon the labour of the nation. The references which he makes to these points are utterly insufficient.

Now, can there be any motive which impels the free-trader thus to treat what in reality is an intricate problem in so one-sided a manner? We think there is such a motive, and that it is a very strong one; and we believe it is a motive which is purely political in its composition.² We go further than this. We assert that, by means of the cheapness which free trade has effected in certain commodities, free-trade politicians have already been enabled to advance democratic reforms. We are aware that they have advanced some of these radical changes before their time, and when the country was unprepared for them. It is thus that they have become the recipients of the popular favour. Thus have they pushed forward

¹ The true statement is, free trade has made some articles cheap.

² The principle of free trade was conceived in an economical spirit. It was advocated and carried by a section of the community, to the disadvantage of the whole. To carry it, Cobden used it as a political lever; and it has been put to political uses ever since.

reforms till "order" is obscured in the agitation for so-called progress. And thus it comes about that certain democratic politicians demand that the soil be forced into cultivation. Smaller farms are to be constructed, and wheat is to be grown. But how such farms are to remunerate their tenants, so long as the conditions surrounding our agriculture remain as they are at present, is what they do not explain.

It is quite clear that while the question of our depressed industries and agriculture is treated from the political view, no hope can be entertained of their ever being raised from the decline in which they are sinking. In 1846, when our trades were in a state of activity, and when the depression from which they had just suffered had passed off, as it always did pass off under protection, still the agitation for free trade continued. What was the reason? Why did the manufacturers proceed to legislate, when their business was in a state of activity again?

The reason is single.¹ Free trade was but the harbinger of great political reforms. Those political reforms had, as their immediate object, the repression of the assumed tyranny of the landed proprietors, and the extension of the political power of the people.

Those reforms, too, had as their basis the advancement of the material wellbeing of the masses, and the

¹ Before the return of prosperity Cobden had promised all sorts of reforms. When prosperity arrived, if he desired still to continue popular, he was compelled to go forward with them. See Cobden, p. 251: "We are financial reformers. We have a habit of doing one thing at a time." Then why were not a "proper currency" and national sources of improvement allowed to operate untrammelled by free trade

concomitant improvement in their education, so that they should become capable of discharging their functions as a political factor in the government of the country.

Now the political advancement of the people has been effected, but their material prosperity is being retarded. Hence the danger. The power which they have been invested with will be used, not to the self-interest of the nation as a whole, but to their own selfish ends. There are sufficient signs of this at the present day. When a member of the Ministry asserts that before long there will be returned to Parliament Socialist members, it is as much as to say that the old party lines have been rudely torn up; that the old Liberalism has become incorporated with Conservatism; and that the new Liberalism or Radicalism will foster Socialistic doctrines. This political phenomenon is the result of the unequal operation of free trade. It is a natural, though a disastrous, result of it. For a popular party to remain popular, it must in the end pande to the wants of the masses.

It has been stated that the verdict of 1846 is irresistible. But it is well known that Mr Disraeli in 1850, and again in 1851, attempted to dispute its soundness. How was it acquired? It was acquired mainly through the influence of the manufacturers.¹ It was taken to be the will of the people. But the will of the people does not differ essentially from the will of an individual. It may therefore be supported on an erroneous foundation. It certainly springs from the opinion of their

¹ In 1846 the free-trade agitation was supported by a quarter of a million of money out of the manufacturers' pockets.

advisers. And that opinion, in Cobden's instance, is assuredly constructed upon doctrines the most false and anticipations the most vain.

But on the assumption that the will of the people cannot be wrong, those who advocate free-trade doctrines, having already changed their front and argued contrary to their master's speculations, come forward and say that "things will right themselves." For this conclusion what proof do they possess? They cannot derive it from the experience which the course of free trade affords them. For this experience is composed of three stages: the prosperous stage, the stage of equilibration, and lastly, the stage of depression. They are bound, therefore, to argue upon general grounds and adduce tendencies. If there are tendencies towards recovery, let them enumerate them; if there are signs, let them bring them forward. And at the same time, let them also correlate these signs of improvement with their predecessors in the stage of prosperity. Let them inquire whether they reach the same significance. And lastly, let them wait awhile and compare those signs of increased vitality with increased depression sure to follow.¹

A small sign is not enough to satisfy the labour interests of the nation. It must be a sign which shall indicate that our agricultural labour has not been destroyed in vain. But for such a sign, with present adverse forces in operation, we look in vain!

¹ Cf., for the proof of this, the treatment of the question of free trade, in 'Free trade,' published by William Blackwood & Sons, 1887.

CHAPTER XV.

PARTIAL FREE TRADE AND THE LABOURING CLASSES—THE
POLITICAL POSITION OF THE INCOME-TAX-PAYING
CLASSES.

“But it may be that I shall leave a name sometime remembered with expressions of goodwill, in those places which are the abode of men whose lot it is to labour and to earn their daily bread by the sweat of their brow—a name remembered with expressions of goodwill, when they shall re-create their exhausted strength with abundant and untaxed food, the sweeter because it is no longer leavened with a sense of injustice.”

—Sir ROBERT PEEL (1850).

RAILWAY RATES AND THE EXISTING DEPRESSION—THE DEPRECIATION OF SILVER AND ITS RELATION TO DISTRESS—BIMETALLISM NOT A LASTING REMEDY—THE APPEARANCE OF A NEW POWER IN THE STATE—THE INCOME-TAX-PAYING CLASSES—UNSOULD CHARACTER OF EARLY REFORMS EFFECTED THROUGH CONVERSION OF FIXED INTO FLOATING CAPITAL—MONEY NOW A DRUG IN THE MARKET BECAUSE THE SOURCES OF THE REMUNERATION OF CAPITAL ARE CONTRACTED—THE RELATIONS OF THE CAPITALIST AND LABOURER TO (1) PRODUCTION, AND (2) CONSUMPTION—THE PROSPERITY EFFECTED BY FREE-TRADE CHEAPENING OF COMMODITIES A MUSHROOM PROSPERITY—ITS FOUNDATIONS INSECURE.

§ 37. *The bimettallists and the cause of depression.*—There is one other consideration of this question of depression, which is not always regarded with that respect which seems to be its due. It is the analysis

of the collateral effects of depression. The reader will recollect the importance ascribed to high railway rates by free-traders, in the causation of manufacturing depression. Admit that these rates are excessive. Reduce them by Act of Parliament. What does the free-trader say to this interference with the course of trade by the State? What difference is there between the interference on the part of the railway shareholder and that coming from a foreign rival? And if you check one, why, on broad principles, should you not diminish the other?

But these rates are reduced (let us suppose)!¹ And it appears that even free-traders are not altogether free from protective propensities, when such assist either their cause or their party. What follows? The foreigner was able to compete favourably with us before the lowering of railway rates. He succeeded in underselling our merchants, who, by free trade, strove to blight his prospects. He did so by the assistance of a principle, where needed, which is still in operation. It is a principle which is capable of extension or contraction, according to the requirements of each particular industry. It is but the same policy which this country practised when she was protective. But, if it may be so stated, England has grown out of this principle. It did not, according to the free-traders, satisfy her conditions.² What valid objection can we possibly make to a former policy of

¹ A bill was under the consideration of Parliament in the course of last year's session; but, like many others, was transferred to the present one.

² If it satisfies the conditions of other nations, on what grounds can we object to it? They *cannot* be economical, but they *may* be political.

ours, followed in the present day by growing nations? Is not Germany doing now just what England did a century, or even half a century ago?

If, therefore, railway rates being lowered, the position of the British manufacturer is improved in neutral markets, the conclusion will be jumped at, "The cause of depression has been isolated and counteracted—we are prosperous once more." And free-trade economists will run about and cry that with cheapness there will be increased demand and further production. But they will, it is certain, conveniently ignore the fact that they are not dealing with economical phenomena as they existed under protection, but with a new and altered set of conditions, induced by our partial free-trade policy. Under protection it might have been asserted that, by cheapening the price of an article, you would increase the demand for it within certain limits. But under free trade surrounding circumstances are not so stable as they used to be, when protection governed our commercial progress.¹ We do not dispute that there may be some increase of mercantile activity, as the result of lowering railway rates. But what we affirm is, that such an increase will be but temporary, and that its assumed recurrence will but blind many to the nature of the true depressing cause.

It will be temporary, because the causes which depress our manufactures are yet in operation; and they

¹ Our partial free-trade system has so deranged previously existing relations, that it is impossible to use the economic truths which obtained under protection in free-trade arguments. And yet this is what the free-traders are guilty of. They adduce protective phenomena to prove their free-trade conclusions.

will be improved, to meet this new condition in the struggle for manufacturing supremacy.

Now there is another result of free trade which is essential to be observed. It is the displacement of labour from productive to unproductive industries. As the consequence of this, we are producing less. The annual income of the country is thus encroached upon. There is, therefore, not only relatively but absolutely less money in circulation amongst the lower classes of society. Prices are in consequence lowered. But against this tendency is to be set the depreciation of silver, arising from our monometallic standard. When demand declines, owing to the inability to acquire, the greater bulk and production of silver has a reactionary influence upon the almost stationary amount of gold. Silver becomes cheaper. There is, therefore, accruing from the appreciation of gold, a tendency for silver prices to rise. In this way do we find the first endeavour on the part of the producer to maintain his income. What he loses by his contracting markets he gains by a rise in silver prices. But such a position is not one of stable equilibrium. It is brought about originally by the forcible displacement of British labour, and the consequent contraction of our markets. As one of the ultimate products of this derangement, we get a depreciated silver currency.

Now it is argued by some—and it is worthy of the reader's closest attention—that all the troubles from which we are now suffering are due to this depreciation of silver.¹

¹ But if the view just stated be correct, and the depreciation of silver be the result of two factors, then to ascribe the present distress

And the remedy which bimetallists propose for the present depression is the exchange of our gold for a gold and silver standard.

By this means they assert that *that* gold would circulate more freely which now tends to be hoarded. With silver raised by Act of Parliament to the level occupied alone by gold, the volume of our circulating medium would be greatly increased, and prices would rise. Exchanges would thereby be multiplied and enterprise stimulated. The pressure of capital from above would open up the smallest channels of labour below. There would be greater activity, and therefore a more extended prosperity.

If such a scheme as this is only designed to tide over present difficulties, it is not improbable but what it might be attended with success.

It is likely, therefore, to commend itself to all those whose free-trade propensities are derived from prejudice or a fatal necessity. But it is clear to all who take more than a limited view of the course of this "increased circulation" that it can only be temporary. By a slight stimulus you are merely deferring the evil day; for, instead of destroying the outside sources of depression, you are rashly increasing the vigour of declining internal forces. We say rashly, because a change of standard will not be, if effected, an unmixed blessing. It will be accompanied by evils of its own creation—in short, it will just act like free trade, as a moral agent, operated. We shall witness, in the first

to depreciation is to ascribe the remote effect to an intermediate effect, and not, as it ought to be, to the initial source of both the intermediate and remote effects.

instance, an increased activity; and the shallow-minded will think that depression has been swept from our midst. But after a time, when the stimulus has become spent, we shall again experience decline; and with this decline will be associated the evils of an altered currency.

But why will depression return, and at no distant date? Because the demand thus created is a temporary demand, exactly like that "demand" induced by free trade. Does free trade supply us with a constant demand from neutral and foreign markets? No; because we cannot produce even cheap enough.¹ Our foreign demand depends upon this element. Why, then, did the British manufacturers alter the law in 1846? Was it not that, by cheapening the rate of living, they might produce at a less cost, and thus be enabled to undersell their rivals? This was the intention, but it has not been carried into effect permanently. For nowadays free-trade labour, in spite of the cheap loaf, is dearer, instead of becoming cheaper, than the labour of protective nations.²

Thus we see that depreciation of silver, instead of being the *cause*, is the *result* of our hampered trade. So long as there is a great preponderance of silver over gold, and so long as gold rules the price of silver, then silver must become depreciated gradually, and almost imperceptibly. It has depreciated ever since the production of gold became unremunerative. But it caused

¹ In the case of foreign markets, the heavy duties counteract the cheapness of our goods. In the case of neutral markets, this cheapness is met by bounties.

² The main reason of this is found in the fact that foreign labourers are content to live at a cheaper rate.

no calamitous symptoms.¹ Why is it, then, that this factor of the depreciated silver currency should be regarded as the cause of distress? Is it to divert attention from the real cause? or is it to commence a policy of commercial opportunism—a sort of policy which we have seen is so disastrous in other lines of State conduct? If, indeed, the free-traders are confident that other nations will in time follow the commercial policy which we have begun, then the reason for this opportunist diversion is evident. But it is not at all probable that such an alteration is within a reasonable distance of being accomplished.² All the facts point to the contrary conclusion. It becomes all the more urgent, then, to discern not only what a bi-metallic standard will effect, but what other nations are doing; to analyse the basis upon which this depreciation of silver is afforded a precarious prominence in the causation of distress.

But regard it in the light that it tends to aggravate a depression brought about by another cause, and that it will have no permanent influence upon our external demand, and you place this factor in its true position. Perceive that this demand for our goods on the part of foreign and neutral markets is determined by separate forces, which, as they originate in State interference can only be met by State interference, and you arrive at the true solution of our manufacturing distress.

¹ This depreciation of silver was in operation before the commencement of the depression from which we have so long suffered; but it was unnoticed, because demand continued brisk. But without a brisk demand, it comes to be regarded as a potent factor.

² And this in face of the recently proposed changes in the American tariff. The *new* policy is that of making trade more free *under protection*. And it is on the same lines as Huskisson's reforms.

Limit your field of inquiry to the several elements which affect this external demand for our goods, and you will very soon reach the central difficulty in the problem of distress.

It is for this precise reason, inasmuch as it does not affect in a permanent manner our external demand, that the remedy of bimetallism is to be avoided. It will effect a temporary good; but it will also produce collateral evils. And when its stimulant effect has disappeared, we shall then have not only to deal with evils arising from one cause, but also experience a mixture of disasters, springing from a twofold source.

§ 38. The construction of a "political power" out of a "monopoly."—It is one thing to localise a cause; but it is quite a different one, in political matters, to impress the various classes of society with its importance. It is often asserted that the "people" were effective in repealing the Corn Laws. The growing democracy was led by Cobden. But then, on the other hand, it must also be considered that, as society progresses, political power changes its seat. Admit that the preponderant power was made to reside in the "people" in Cobden's times, where is it located now? Since his days a new class has arisen, not of kind but of degree. Those who subsequently became the income-tax-paying classes were, at the time of the free-trade agitation, comparatively a small class to what they present nowadays. The authority wielded by this class is very great, but it is very unequal in different sections. There can be little doubt that the larger part are suffering from the burdens of taxation. Both with the depreciation of

silver and the lowering of prices, they find that their present incomings bear a greater proportion to their outgoings than they did when prices were high and the country in a general state of activity. Allow, for the moment, that an income of £600 twenty-five years ago is equivalent to £400 to-day, from the depression of manufacture and its collateral effects, do taxes diminish in the same ratio? On the contrary, they rise; for, as we are told, with the increasing wants of society, "as progress is effected," the expenditure of the State has to be increased. This misfortune does not affect all the sections of the great middle class. It does not affect the brewers and the public-house interest; it does not affect all those who have a monopoly of prices—the master-butchers and the fish merchants. But it affects adversely all those who produce articles which have a reduced demand, as well as those whose fixed incomes suffer from the general stagnation of business. Hence the opposite accounts of a serious state of commercial affairs; and this state asserted by some to be non-existent even, or, if allowed, by others, extravagantly overrated. The opinion of the individual is coloured, according to the degree in which he finds his resources contracting.

But the statement that the verdict of 1846 was the result of the "popular will" may be contested. And on these grounds. Everybody knows the influence then exercised by the manufacturers. They had only to discover to their labourers the share which their class would receive from the spoils of the new policy, and they were assured of their support. Pressure, too, might be brought from another direction. If they, the

labourers, did not support their masters on this occasion, so great had become the difficulty with which the manufacturers had to contend in foreign markets from the rivalry of the foreigner, their wages would inevitably have to be reduced. Now, no question can be made that this difficulty, assumed (as we know from the state of exports) either speciously or ignorantly, was widely entertained.¹ And what we have just stated is the logical conclusion of that opinion.

If the manufacturers exercised so much authority in 1846, are they still masters of the same amount? By no means. Their attitude to the labourer has changed with the change in the surrounding conditions of the national labour. Besides, the chief power has shifted from off the shoulders of manufacture and her dependants into the arms of the income-tax-paying classes, of which there are two chief sections. We have the brewers and the licensing system, with a monopoly or two on the one hand; and the producers of goods other than necessities, and those enjoying fixed incomes, on the other. The present fiscal arrangement suits the interest of the former, for it is by the continuance of the malt-tax that the prices of both beer and butcher's-meat are maintained. And thus do we perceive the anomaly of a section of the community deriving aid from State interference, when that assistance is denied to interests of far higher importance. To what end, except for the purpose of buying political support, is doubtful. But in the

¹ In Huskisson's times the manufacturers made complaint of the opposition they experienced, both from the United States and Germany. That statesman's advice was, to foster the interests of their labour, to regard its equitable advancement, and to prevent it from becoming too rapidly dearer than that of their rivals.

case of the latter section, a rearrangement of our fiscal system would be beneficial. Two forces therefore appear, whose tendencies are opposite, and whose respective strengths are difficult to estimate.¹

But when the question comes to be openly discussed, the direction which the "popular will" inclines to take will be narrowly scrutinised. Leading demagogues have followed the advice of Cobden, and make use of other political weapons besides the 40s. franchise. If the people have come, before they are properly imbued with the sense of responsibility, to exercise the authority which belongs to them in a selfish manner—if they act in haste and ill-advisedly—who is at fault? Not the labouring classes. It is the Radical party, which, with the help of borrowed spoils, has, for its own ends, forced their growth. Had their material wellbeing been assured, then political advancement would have been added in due course (and it matters not by which party in the State) to their social improvement. But as matters stand at the present, this power of the democracy is likely to be turned towards selfish ends, for the plain reason that discontent prevails amongst them, arising from decline in their material prosperity. And now we can see that the alteration in our policy, or our *free-trade policy*, as it is called, performs, in the end, only part of its prescribed functions, and does it imperfectly. But do we find the labouring classes of to-day at the same low intellectual level in which Cobden

¹ Free trade in corn and some other commodities prevents the nation from producing as much as it may. But protection to beer makes a single interest grow fat at the expense of the general community, whose productive powers have been and are still becoming further diminished.

found them? No; the forces of progress (of which free trade is erroneously considered to be the chief) have elevated their moral, social, and mental surroundings. They are as much in front of their predecessors in 1846 as the latter were in front of the labouring mass in the time of the first Sir Robert Peel. Now it is those inherent forces, we maintain, which have been rudely interfered with by the action of free trade. Cobden appealed to the intelligence of the people; but then any one who agreed with Cobden was regarded by him as an intelligent person. He did not, however, flatter their judgment. And it is upon that judgment that the case of protection will largely rest. The people in Cobden's days were not in a position to advance a reliable opinion on the question of free trade. They trusted the judgment of their leader. It is not a difficult task to discover the many sources of error which pervade the whole of Cobden's work—errors of fact and errors of anticipation.¹ These are so important in their nature that they are worthy of a separate treatment. But if in 1846 the labourers suffered under this disability of not being able to discern the false and uncertain bases on which his conclusions were supported, in 1888 they are able to estimate the precise value of this piece of information, "that events have not fallen out according to his expectations." They may with

¹ We quote Sir Robert Peel: "To this and many other questions connected with the subject [the Corn Laws] no satisfactory answer can be given. We must legislate on speculation and conjecture, and on assumptions which rest on no satisfactory data."—Memoirs, ii. 349. One of the errors of fact was that "high rents produced high prices." We have seen rents maintained and prices falling. The errors of anticipation are in the main two: (1) that all nations within five years would become free-traders; and (2) that our agriculture would be stimulated by a free intercourse in corn.

facility put themselves in direct communication with those passages in Cobden's speeches, in which he foretells the consummation of his dreams, "that other nations would become free-traders."¹

If such, then, be the case, and there can be no doubt of its accuracy, we have to deal now with a set of conditions which Cobden never even hinted at as being possible.

The people, or part of the people, trusted their leader's judgment. That judgment was unsound. But it required time to prove it. The free-traders of to-day reply, that our partial free-trade system is beneficial to the country. The choice, therefore, has to be made between "Cobden's ideas of free trade and present ideas," between "Cobden's universal free trade and his successors' system of free imports." Who can question the fact that out of the so-called free-trade prosperity much political capital was made, and that it was by falsely assumed effects that the Gladstonian party was maintained so long a period in power? And who can doubt but that upon the security of free-trade doctrines depends the vitality of what once was a great party in the State?

The political implication of the problem is thus of large importance. There is reason, therefore, why the Radical free-traders give political answers to economical questions. The malt-tax is the tax which blots the "fair pages" (so they describe it) of their free-trade work. The free-traders sacrificed in suc-

¹ The prediction was more than once uttered by Cobden, *vide* Speeches, pp. 207 and 242. It was not a mere boast, but a "belief," therefore.

cession all those interests which had been, from the paper interest down to the interest of our sugar-refiners, supported by the immediate and powerful assistance of protection. By protecting the interests of the brewers and the licensing system, they succeeded in raising up a vast political force. By its means they diverted popular attention into the channels of political reform. The final effort was one which was intended to make the Liberal party supreme—to destroy Conservatism, and to create a parliamentary dictator. But that effort was neutralised by "redistribution." Now it is quite possible that this final struggle for a new lease of political existence was the result of exhaustion, from past endeavours to pander to the assumed wants of the multitude. And that, being unable to convert any more "fixed" into "floating" capital (which afforded Mr Gladstone the opportunity of reducing the three and a half to three per cents) by the mass of money thrown upon the markets; being unable any further to cause a miserable cheapness of goods, to the detriment of the small trader and to the injury of the national labour,—the free-trade economists left the field of finance, and, to acquire an unworthy power, whereby to support their fiscal revolution, pointed to reform in the constitution of the country. Invested with this power, which might bring them back to the government of the people, or at least arrest any attempt to repair the havoc done to the sources of the national wealth, they occupy at present an uncertain position. And it seems to be their desire to achieve by popular enthusiasm what they cannot gain by the instrument of reason.

The hollowness of such a procedure will be evident to the impartial. The mass of the people, if uninfluenced by false enthusiasm and arguments constructed to inflame their imagination, find themselves in an equivocal position. But let them discern the trick which produced the appearance of prosperity without the substance. Let them learn that all those financial changes were changes which affected solely the principal organs of the distribution of wealth, and that they directly injured the sources of production. Let them decide whether or not a nation can continue prosperous, the sources of whose annual income are constantly diminishing. Let them revolve these matters, and perceive that but one choice is open to them—the choice between “production” and “distribution.”

§ 39. It is more important for the labourer to regard himself as a producer than as a consumer.—It was certainly a strange sort of “ideal” policy which excluded the most important element of all from its scope of action. “Protection,” whatever else might be assumed concerning it, at least tended to effect a due proportion between the functions of production and distribution. By the protection of industries, even the most insignificant, the results of the circulation of capital were experienced in the narrowest channels of labour. Prices were relatively high, but the employment of labour was ensured !

But as soon as a reimposition of duties is mentioned, the free-trader plunges into a vivid description of the horrors of war. Does the free-trader suppose that our system of free imports tends to keep off war from us ?

He must indeed be more than confident who trades in such dangerous falsehoods! By growing our own corn, we should throw much of foreign corn-land out of cultivation.¹ We thereby do an injury to our neighbours, who have expended their capital on the expectation that our free-trade system would remain a permanent one. Now, to estimate the nature of that injury, we must inquire, What was the condition which determined this country to receive the corn of other countries? This is an important consideration, as we shall endeavour to show.

The British Parliament was led, from motives of expediency, to permit the entry of foreign corn. But there was, in the background, the anticipation that, if we showed the way in freeing our trade, all other nations would follow our example. So that Cobden's description was taken to be the basis of the initial progress of a universal free trade. "We take your food; and you take our manufactured goods in return. The principle of exchange is equality. You take a certain value of our goods, and, in return, we take an equivalent of your corn."

And here we may allude to another of the interesting products of free trade. By telling the nation that it was to our interest "to buy in the cheapest market and sell in the dearest," Cobden impressed many with the soundness of his views. Our selling markets would be dear, because we should have no competitor; our buying markets would be cheap, because many nations would compete for our corn demand.

¹ Is it not a fact that our manufacture has been checked through the imposition and increase of foreign duties? There can be no injustice, therefore, in taxing corn. It is but a proper retaliation.

The anticipation has not been verified. Those "other nations" of Cobden have seen through the trick of attempting to divert competition all into our own favour. For if any other nation bought our manufactures dear and sold its corn cheap, how could it be said, on the doctrine of free trade, to buy in the cheapest market, when it buys only in one; and to sell in the dearest market, when it has to compete with others for the privilege?¹

If it was on this expectation that the British people were persuaded by the artifices of a leader desirous of fame to risk their material prosperity, surely it is in the power of that people to reverse² their former decision, when they learn that the expectation has not been fulfilled, and that our partial system of free imports is injurious to the interests of labour.

But a party stands between the employment of the British labouring classes and starvation—a party committed to the free-trade doctrines, all which, because they are universal, are not equally applicable to succeeding, and oftentimes so altered as to be new, sets of conditions. And that party threatens³ the nation with evils worse than those which it at present experiences. Not only will war be directly fostered, but our exports, at present in a deplorable condition, will be further decreased. But can our export trade be under worse

¹ *I.e.*, Cobden did not place other nations in England's position. He treated the problem from *our*, not from *their* point of view.

² Cf. Cobden, p. 253: "If events should happen to change the circumstances of the country, there is no reason why we should not next year reverse the decision we may come to in the present."

³ The old story of threats and menaces handed down from Cobden.

conditions than it is? Protective nations take what they want of us, and no more. If we place a duty upon their goods, it by no means follows that we shall produce less, and supply them with less. Not certainly till they are self-supporting will this be effected. On the other hand, by conserving our interests, and drawing our colonies into a closer commercial union, it is more than probable that our export trade would be increased.

But in the meantime, while other nations are conserving each its own interests; while the chances of mutual free trade and universal peace are as distant as ever they were,—it suits the policy of a party which has commenced the descent from its high position of popularity to keep the labour of the country unemployed.

But it is for the labourers to choose whether they shall have as full employment as their case admits of, and not be scared at the many delusions originating from high prices, or have provisions at a cheap rate and starve. Whether they will protect the sources of labour, and create a general circulation, or contribute only to the circulation of capital amongst the wealthy classes. Whether, lastly, they will prefer internal cohesion, with all the chances of war (nor are these directly affected by commercial policies), to the alarming spectacle of internal disorder, induced by the exhaustion of the national resources.

Richard Cobden taught the masses to look forward towards an increase of their political power. But that power, it will be conceded, can never be wielded suc-

cessfully unless it is supported by material prosperity. For if it is exercised in the promotion of extravagant and partial measures, it will with certainty be opposed. The nation was on the brink of a civil commotion in 1846.¹ For "free trade," this worst of all national calamities was hazarded. It was met by concession.

But even changes in the surrounding conditions of political parties, and the foundations of law and order, have come about since that time. The democracy may be urged headlong by impetuous and selfish leaders; but the greater part of the middle classes are steadily opposing its violent course. Besides, the system of organisation has been absorbed into those institutions which preside over the maintenance of law and order in the community. As times change and improvements continue, these become all the stronger. But the consideration of these important matters does not deter the demagogue from rashly staking all success of his schemes upon a single throw. In a former time he effected a destructive cheapness, and bought popularity. In another dress, to-day, he would convince the labouring classes that they have the same power they were supposed to have in 1846. But let them not be mistaken. The source of that power was in the manufacturers.

There is sufficient reason, then, for the working classes

¹ So thought the Duke of Wellington and many others. The noble Duke had, as he thought, to decide between the Corn Law and the Queen's Government. Although he recognised the utility of the Corn Law, he abandoned it for the cause of order.

to reconsider their position. And if free trade makes them accurately regard their condition from strictly economical, social, moral, and political points of view, it will have been the means of ensuring contentment and prosperity to future generations at least, if not to their own. For prosperity will require time for its production. And a sure prosperity is of slow growth.

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